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# The National Underwriter

LIFE INSURANCE EDITION

FRIDAY, AUGUST 11, 1933

ARE  
YOU  
INTERESTED  
?

SEEMS TO ME  
THERE ARE  
SOME GOOD  
LIFE INSURANCE  
PROSPECTS UP  
HERE

AW FORGET IT!  
WE'RE ON OUR  
VACATION NOW



MAKING A VACATION PAY--CHAPTER I

WRITE FOR GENERAL AGENCY PROPOSITION  
AND TERRITORY

**RESERVE LOAN LIFE**  
INSURANCE COMPANY  
INDIANAPOLIS, INDIANA.





### Fledglings!

IN a few short weeks, their wings strong, the birds will be shoed out of the nest to fend for themselves. Your fledglings must spend years strengthening themselves to meet the world single-handed. Protect them now against having to face life too early or unequipped. Life insurance will look after their education — even take your place financially, if it should be necessary.

**John Hancock**  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU  
197 Clarendon Street, Boston, Mass.  
Please send your booklet on life insurance for family protection.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_



### You're Making Good-for them

IT'S a big job — providing for your family's present happiness and well being. So much bigger is the job of providing for their future that wise men call on Life Insurance to help.

Is your family fully protected?

**John Hancock**  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU  
197 Clarendon Street, Boston, Mass.  
Please send your booklet on life insurance for family protection.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_



### "Till Daddy comes Home"

THEY'RE so dependent on Daddy for all they have in life — and so confident that he'll come through. Don't let anything destroy that confidence. Life Insurance will protect them for all the years ahead — come what may.

**John Hancock**  
LIFE INSURANCE COMPANY  
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197 Clarendon Street, Boston, Mass.  
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Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_



### Her Background

SO important to her poise and her happiness is the background your wife stands against. Tell her that she can always bear your name as proudly as she does to-day. Protect her and the background you have created for her with Life Insurance.

**John Hancock**  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU  
197 Clarendon Street, Boston, Mass.  
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JOHN HANCOCK national advertising  
for July and August tunes in with  
the trend "Back to Fundamentals"



# The National Underwriter

## LIFE INSURANCE EDITION

Thirty-Seventh Year—No. 32

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, AUGUST 11, 1933

\$3.00 Per Year, 15 Cents a Copy

### Business Boom Is Seen on Horizon

Firm Note of Confidence in Country Seen in Wage Advances, Reemployment

### IS EXPECTED THIS YEAR

Insurance Companies' Position Materially Improved by Rise in Markets, Higher Values

Business revival is well under way, according to newspaper and independent reports this week. There has been a widespread trend to increase wages in industry and many great industries in the last week or so have put thousands of workers back on the job.

Manufacturers of box materials, especially those out of which paper cartons are made, are reported to be working 24 hours a day to keep up with orders for industries buying large quantities of these materials in anticipation of a return to normal business activities in a short time.

#### Appreciation in Assets

Insurance companies have profited greatly in the pre-inflation period. They have enjoyed great appreciation in value of holdings. Companies owning common stocks of course have shown the greatest growth in values. Most issues are 300 to 600 percent ahead of their lows, some as much as 1500 percent. Bonds have not increased so rapidly but show considerable appreciation.

#### Values on Upgrade

Real estate values have gone up somewhat. Rents are slightly higher. Companies owning farms taken under foreclosure report many sales of these in the last few weeks. The advance which was made by the grain market has developed a tidy profit for companies managing farm properties, either directly or through tenants. Much 1932 grain was held by insurance companies and this has brought a fine profit on the market in recent weeks.

A report of the Minneapolis federal reserve bank recently was that cash income of farmers in the northwest increased 80 percent in June over June, 1932. This was ascribed to advance in farm commodity prices and heavier marketing weights for hogs. Freight car loadings, flour and linseed products shipments, iron ore movements, grain marketings and receipts of cattle and hogs also were reported well advanced.

#### Life Insurance Going Ahead

Life companies generally see the depression as past. While their business has not prospered by leaps and bounds this year, it has been growing steadily better. Many large applications are reported. The agents find their extra efforts are rewarded, whereas for so long they toiled far into the night only to

## Daily Newspapers Give Much Space to Payments

The announcement in THE NATIONAL UNDERWRITER'S Life Payments Number of the distribution of four billion dollars of life insurance money in 1932 met with great response from the daily papers all over the country. Practically all the large metropolitan newspapers carried lengthy news articles giving the details of the distribution as shown in the Life Payments Localized Number. It will take several more weeks to compile the exact returns on the publicity but advance indications are that a record will be set.

The reason the papers publish the news stories from the Life Payments Localized Number is that the material is localized and they feature that angle rather than the national total. Although the \$4,000,000,000 aggregate payment is impressive, the individual payments in the different communities strike more closely home.

#### Readers Great Service

Through the Life Payments Localized Number, THE NATIONAL UNDERWRITER renders the life business as a whole a great service because no individual company could get anywhere near the amount of newspaper publicity that is secured through the Life Payments Localized Number.

Not only did the newspapers carry regular news stories, but many of them published editorials based on the figures published in the Life Payments Localized Number. "The substantial payments made in Syracuse mean financial independence for many beneficiaries, alleviation of distress for others, education of children, payment of debts," says the Syracuse "Post Standard" in an editorial. "The cost of welfare would increase heavily without this anchor to windward. Life insurance enjoys greater good will in this country than any other and there is sound reason for it, as this report of 1932 payments reveals."

#### Service Is Astounding

The Toledo "Times" comments on the distribution: "Most folks meet their notices for premiums semi-annually or annually, frequently are called upon by sales agents of life insurance companies, and sometimes seek to borrow funds on their policies. That is about the extent of their acquaintance with the institution of insurance."

"But when one realizes the importance of this big financial giant which pours more than \$6,000,000 into the community (Toledo) in a single year, largely to those who need it most, it is astounding the service that life insurance performs. Compare this total with the tax funds received by the city or school board or with dividends paid out by

find they had slipped back in paid production.

The vice-president of a large central western company characterized the business as "tremendously better." Others predict that by the end of the year the United States will be squarely in the middle of another boom period.

closed banks, and it will startle one. . . . Last year was not an exceptional year either. The benefits paid out increased somewhat over the previous year, but not out of the ordinary. Life insurance does this big job every year and under its plan and the widespread support it receives from policyholders will continue through decades. To many it is a financial savior."

#### Tribute to Life Insurance

In calling attention to the life insurance payments, the Indianapolis "Star" dwells on the necessity for protecting the institution of life insurance. "No great vision is required to picture the disaster and chaos that would result from any development that might threaten the stability of our life insurance structure. Anything that might jeopardize the investments of insurance companies would be a blow to practically every one in the country. Americans rely on life insurance to care for their dependents, in case of the insured's death, and to protect the policyholders in old age. Life insurance is the anchor to the windward of the average thrifty American citizen. The importance of protecting such an institution cannot be overestimated."

#### Local Angle Presented

The importance of the life payments from the local standpoint was brought out by the Dyersburg, Tenn., "State Gazette": "The benefits of having foresighted persons in a city or community who carry insurance for the protection of their families and to settle unpaid obligations at their deaths have been pointed out too frequently to be argued here, but the fact that Dyersburg stands well among such communities is worthy of mention. Some cities in the state smaller than this received greater returns last year and others less returns. On an average over a period, however, Dyersburg returns show its people as wise in this provision as any other."

"Generally sums paid out here by insurance companies annually do not go to a few persons in large amounts, but are well distributed in smaller sums among a large number."

It is this spirit of community pride stimulated by the Life Payments Localized Number that does much in promoting life insurance as it creates public sentiment that every man should thus provide for his family.

#### Boston "Post's" Comment

The Boston "Post," one of the outstanding papers in the country, carried an editorial, "Life Insurance Meets the Crisis," in discussing the Life Payments Localized Number: "The life insurance companies in this country," says the "Post," "have met the crisis in bad times and conquered it in magnificent fashion. Nothing could be finer than the way they have carried on through the depression that has hit so many great enterprises and hit them hard. With but a single exception—and that was a semi-private affair—no insurance company of any size has gone broke for a

(CONTINUED ON PAGE 15)

## Riehle Is Choice of Advisory Body

N. Y. City Man Recommended for Election to the Presidency

### DECISION NOW REACHED

Reelection of C. V. Anderson as Vice-President of National Association of Life Underwriters Suggested

SEATTLE, Aug. 10.—Election of Theodore M. Riehle of New York as president of the National Association of Life Underwriters and reelection of C. Vivian Anderson of Cincinnati for vice-president is recommended in the report of the advisory nominating committee received here by President Charles C. Thompson. The five members of the committee, headed by C. O. Fischer of St. Louis, met in Chicago recently and reached the decision. Mr. Riehle is associate agency manager of the Equitable of New York and Mr. Anderson represents the Provident Mutual.

Other officers recommended by the committee are as follows: First vice-president, Arthur S. Holman, Travelers, San Francisco; second vice-president, Lester O. Schriver, Aetna Life, Peoria, Ill.; third vice-president, A. E. Patterson, Penn Mutual, Chicago; fourth vice-president, O. Sam Cummings, Kansas City Life, Dallas; secretary, Ernest W. Owen, Sun Life, Detroit; treasurer, Robert L. Jones, State Mutual, New York. Recommendations of the advisory committee will be acted upon by the nominating committee of the association, consisting of one representative of each local association, at the meeting of the National association in September.

#### Recommendations Analyzed

Only letters from local associations were considered by the advisory committee. These were first analyzed for recommendations for president and it was found that 97 associations endorsed two candidates. Fifty-five, with a membership of 4,131, favored Mr. Riehle and 42, with a membership of 3,728, endorsed Mr. Anderson. Associations representing 10,885 members made no recommendation for president.

As the next step the committee "carefully considered the two candidates as to their fitness and availability" as provided for in the resolution of 1928. The committee said: "It was obvious that either candidate was available. And it was the unanimous opinion of the committee that either candidate was well qualified as to fitness for this high office. . . . It was felt by your committee that both of them are outstanding in the profession of life underwriting, strong men, capable, each having at all times measured up to the highest standards and having always performed most ex-

(CONTINUED ON PAGE 15)

## Additional Speakers Named For Agents' Chicago Rally

ERNEST PALMER ON PROGRAM

Rear Admiral Wat Cluverius, F. H. Sisson, Allen Stockdale and Arthur Huxby Also Scheduled

NEW YORK, Aug. 10.—Five speakers, each one an outstanding personality in his field, have been secured by the National Association of Life Underwriters for its annual convention in Chicago, completing the three-day program.

They are Ernest Palmer, Illinois director of insurance; Francis H. Sisson, vice-president of the Guaranty Trust Company of New York and president of the American Bankers Association; Rear Admiral Wat Cluverius, commandant of the Great Lakes Naval Training Station; Allen Stockdale, poet, editorial writer and clergyman, Washington, D. C.; and the Hon. Arthur Huxby of London, who will talk on "England's Leading Producer's Point of View."

The novel entertainment furnished at the last two annual meetings by Charles E. (Tommy) Thompson, general agent of the Connecticut General Life at Peoria, Ill., will be augmented by the addition of several other agents with musical talent, the aggregation being listed as "Tommy Thompson and his Connecticut Generals."

### Greetings from Mayor

Mayor Kelly of Chicago is scheduled to bring greetings. The invocation the first day will be delivered by Dr. L. L. Mann, rabbi Sinai congregation, Chicago. President Thompson will preside at the opening session and Vice-President C. Vivian Anderson will preside at the afternoon session the first day.

First Vice-President T. M. Riehle will preside at the morning session Sept. 28, and the invocation will be delivered by the Right Rev. Msgr. F. A. Purcell, pastor St. Mels church, Chicago.

A. S. Holman, second vice-president, is scheduled to preside at the afternoon session, Sept. 28. At the morning session, Sept. 29, L. O. Schriver, third vice-president, will preside and the invocation will be given by the Rev. Robert J. Locke, superintendent Congregational churches of Illinois. A. E. Patterson, fourth vice-president, will preside at the afternoon session, Sept. 29.

## Asks President Roosevelt to Include Insurance in Code

The Fort Worth Life Underwriters Association at a special meeting adopted a resolution urging the National association to petition President Roosevelt to include the business of life insurance in the spirit of the code of the national recovery act. The Fort Worth association says it is heartily in accord with the President's effort to eliminate unfair practices in all lines. One resolution says:

"We believe the activity of life insurance is a business, having as its very foundation fair business practice; it has been exposed to unfair practices by men who are neither qualified by previous training nor the devotion of ample time, and now is, and in the future, will be so exposed to an even greater degree."

### Wisconsin Aetna Outing

The annual outing of southern Wisconsin agents of the Aetna Life was held at Lake Geneva, Wis. A. E. Mielenz, general agent at Milwaukee, welcomed the guests. Among the guests who spoke were S. T. Whatley, vice-president, R. B. Coolidge, assistant superintendent of agencies, and N. M. De Nezzo, agency director in charge of conservation, who are on a tour of the central west.

## New Chairman



MERTON L. BROWN

Insurance Commissioner M. L. Brown of Massachusetts, who has been made chairman of the executive committee of the National Convention of Insurance Commissioners, will succeed J. B. Thompson of Missouri, who has retired from office. He is an attorney and was formerly city solicitor of Malden, Mass. He has been insurance commissioner since December, 1928. He has served on the executive committee and is regarded as one of the substantial men of the organization.

## Name Successful Candidates in Institute Examinations

The Life Office Management Association has issued a booklet giving the names of candidates who succeeded in passing one or more of the institute examinations during May. It also contains a complete set of the examination questions. The 728 examinations were taken by representatives of 48 companies. There were 134 candidates who passed all the examinations in Course 1. Diplomas were awarded to four people who have completed Courses 1 and 2, they being A. E. Crowley, L. C. Forth and W. C. S. Shaw of the home office of the Sun Life of Canada, and W. R. Jolley of the Crown Life at Toronto. Miss Dorothy B. Goldsmith, personnel director of the Guardian Life, received an average grade in Course 1 of 95 percent or higher and therefore was given the designation "cum laude." The four Canadians who were awarded diplomas were given credit for the examination in Course 1 by virtue of their having received a diploma from the Toronto Insurance Institute.

The Life Office Management Association has published its printed proceedings of the 1933 special conferences. Copies can be secured from F. L. Rowland at the Lincoln National Life office in Fort Wayne, Ind., for \$5 each.

### Robinson at Louisville

Union Central Life representatives of the Alford Gustafson agency at Louisville, Ky., were addressed by C. C. Robinson, editor of the "Insurance Salesman," on "Sales Methods That Get Business Right Now." Mr. Robinson showed how many life underwriters who are writing a substantial amount of new business today have adapted their selling methods to the times.

### Opens Accident Department

The American Savings Life of Kansas City, Mo., has launched a new accident and health department in charge of J. T. Mayall, vice-president.

## Companies Adopt Standard Commission for Annuities

RAISE TO 3 PERCENT LEVEL

Connecticut General and Phoenix Mutual Take Action—Mutual Benefit Still Discourages Sale

A number of companies as a part of their program of increasing annuity rates are raising agents' commissions on annuities to the general level where they have been below. Some companies more or less discouraged the sale of annuities in the past by granting commissions less than the 3 percent generally paid on single premium contracts. A few paid 2½ percent and at least one company as low as 2 percent. The result was that agents took their business elsewhere.

The Connecticut General, which has paid 2½ percent, is one of the companies which are going up to the 3 percent scale. The Phoenix Mutual, which has paid 2 percent, is reported going up to 3 percent. These rates apply to the single premium forms.

### Suffer in Competition

Companies generally are glad to get annuity business at a time when life insurance is not so easy to sell. Much emphasis is being placed on the single premium and annual premium annuity and life income contracts, and the volume of new premiums of this sort in most companies bears a considerably greater proportion to the whole premium income than ever before in the history of life insurance. The company which does not pay the general scale suffers in competition for this business.

One of the few companies not to be moved from its old settled policy on annuities by the much greater demand for them is the Mutual Benefit. This company always frankly has discouraged the sale of annuities by its agents, not only by paying less commission than the average, but also by giving less return on the annuity. The company has urged its agents to place their annuity business elsewhere and given assurance that to do so would not affect the agent's status.

### National of Vermont Change

The National of Vermont, which has been one of the more prominent annuity companies and for many years has drawn much of this business on a brokerage basis by paying 4 percent commission on single premium annuities, on Sept. 1, it has been announced, will reduce the commission on annuities to the lower scale employed by most companies.

## Hot Weather No Bar to Increase in Life Sales

Johnston & Clark, Detroit general agents Mutual Benefit Life, report \$2,634,000 new business in July, the largest amount of any July in their experience. Seventy agents wrote \$10,424,000, in the first seven months, which is slightly in excess of the entire year of 1932. The agency is now seeking \$18,000,000 for 1933. A. P. Steler lead the agency in July with \$189,000 covering 33 lives. A. D. Redfield was second with \$153,000 covering nine lives. Mr. Steler lead for the first seven months with \$730,000 covering 152 lives and Mr. Redfield was second with \$468,000.

The San Antonio agency of the Lincoln National shows an increase of 33½ percent in written business for July over July 1932.

F. H. Davis, agency vice-president, announced that the Penn Mutual Life showed a 32 percent more paid-for new business in July than in July, 1932. This

## Life Insurance Angles to Lloyds of N. Y. Collapse

VAN SCHAIK REHABILITATOR

Frank Cohen and Associates Also Control the Kentucky Home Life of Louisville

Life insurance people are interested in the fact that Superintendent Van Schaick of New York has been appointed rehabilitator for the Lloyds Insurance Company of New York. This is a casualty company controlled by Frank Cohen and M. Daniel Maggin. Julius Barnes and A. M. Greenfield were also formerly factors in this company.

It was the Cohen-Maggin-Barnes-Greenfield group which promoted the reorganization of the Inter-Southern Life as the Kentucky Home Life and thus came into possession of control of one-third of the stock of the Missouri State Life, which is held by the Kentucky Home Life.

Cohen and his associates obtained a loan from New York banks to swing the Kentucky Home Life deal and the failure of Lloyds of New York will undoubtedly squeeze Cohen and his group out of the Kentucky Home Life and leave the problem of that company in the laps of the bankers.

### Shenandoah Life

It will also be recalled that the Cohen people purchased control of the Shenandoah Life under contract, but fell down on their payments and the former owners resumed control. Cohen and his cohorts also angled for the Philadelphia Life and the United Life & Accident of New Hampshire. Cohen and Barnes and Greenfield got control of two or three investment trusts, which specialized in insurance and bank shares and these trusts had rather extensive holdings in the Philadelphia Life and the United Life & Accident, as well as in other fire, casualty and life companies.

The Cohen maneuvers were amazing to insurance men, because they were started after several ambitious insurance holding company schemes had collapsed and the wild acquisition of insurance companies, holding companies, etc., by operators who scrambled them together, was being condemned on all sides and was a subject of inquiry on the part of a special committee of the National Convention of Insurance Commissioners.

At the meeting of commissioners in New York last December, Julius Barnes appeared and attempted to defend the holding company system. Mr. Barnes is a former president of the United States Chamber of Commerce.

is the company's third successive plus month, 64 Penn Mutual general agencies showing gains in July.

\* \* \*

July with \$1,500,000 written business was the best month the St. Paul agency of the Equitable Life of New York has had in a year.

\* \* \*

The Virginia representatives of the Jefferson Standard Life staged a one-day loyalty drive, celebrating the first anniversary of the establishment of the Old Dominion agency. Thirty-four agents produced a total of \$286,750 for the state. Ben Simon is Virginia manager. The Roanoke agency led the field with a total of \$139,000. Marvin Anderson of the Roanoke office led the state with \$60,000 of business.

\* \* \*

With a record of 416 weeks of membership, David Ward of the White & Odell agency of Northwestern National Life of Minneapolis last week chalked up his eighth year in the ranks of the company's app-a-week club.



## View Commission for Replacements

No Compensation Rule May Be Considered by Anti-Twisting Committee

TO MEET NEXT MONTH

Companies Find Twisted Business Has Poor Persistency—Stricter Underwriting Attitude Is Seen

NEW YORK, Aug. 10.—Indicative of the growing activity to get life companies together on a no-commission rule for replaced business, letters have been coming in to the inter-company anti-twisting committee, of which Vice-President Frank L. Jones of the Equitable Life of New York is chairman, asking the committee to consider such a rule at its next meeting, which will occur at the time of the National Association of Life Underwriters' annual convention in Chicago next month.

A very favorable omen is the change reported in the attitude of companies that were previously quite willing to accept business replacing insurance in other companies. Enough time has elapsed since the large-scale twisting of the depression period began to indicate very clearly that most of new business so obtained is very poor in persistency, that business which can be twisted away from one company is very likely to be twisted away from the next company, with no one profiting except the agent doing the switching.

### Study Source More Carefully

Companies formerly willing to accept business without worrying much whether it had been twisted are understood to be looking much more carefully into the source of their new business. They are giving more weight to the character and reputation of the agent who brings them the business. And even this is not always enough, for a company may find that an agent who is scrupulously ethical in his relations with his own company may have an entirely different code in dealing with other home offices.

In the practical application of a no-commission rule there are difficulties, particularly in large cities where brokerage business forms a larger proportion of the business written, because of the difficulty of controlling producers who are not full-time agents. It may be long after the first commission is paid that a case shows up as a twist. If the agent has only a brokerage connection with the office in question, there is no way the office can get back the commission it has paid him. It could theoretically hold it back out of the commission on the next case he brought in, but the only practical effect of such an action would be to prevent that agent from ever bringing in another case.

However, most of the barriers in the way of a no-commission rule are no more formidable than those which confronted the present system of inter-company interchange of information where it is known that a new policy is to replace old insurance. Some cases have, of course, eluded the committee's vigilance but by and large its activities have proven an effective weapon in curbing the twisting evil.

### Prepare for Equitable Conference

Qualifications are being recorded daily by the members of the Equitable Life of New York's Providence agency to attend the biennial conference to be held next September at Norwich, Conn.

## Reconstruction Finance Is Now Looking for Repayment

WILL BUY PREFERRED STOCK

Expects Insurance Companies Will Be Able to Cut Down on Their Obligations

WASHINGTON, D. C., Aug. 10.—While the Reconstruction Finance Corporation does not contemplate any change in its policy so far as helping insurance companies is concerned, undoubtedly its money will be available in a greater degree on account of its being able to purchase preferred stock. It is expected that actual loans to insurance companies will begin to taper off, both due to the R. F. C. ability to purchase preferred stock and the normal improvement in business conditions. The effect of stimulated activity already is seen in the R. F. C. activities. Loans to railroads, for example, have become fewer and smaller. One railroad has entirely repaid a large loan. One of the largest life companies which executed a loan with the R. F. C. has paid off a considerable portion and expects to have the rest taken care of next month. Needy companies can still apply to the R. F. C. for aid. However, it is expected that the condition of companies will improve from now on but the R. F. C. is willing to do the needful if necessary.

Eight members have already been recorded and 10 others will soon cross the line. Manager J. E. Knott has announced that F. C. Rozelle, manager at Portland, Me., will be one of the guests. The speakers will include members of the home office staff, one of the Woods agency unit managers at Pittsburgh and L. M. Crandall of Norwich.

## To Be President



Henry H. Putnam, Boston

Henry H. Putnam of Boston, director of the department of publicity of the John Hancock Mutual Life, has been nominated for president of the Insurance Advertising Conference which is tantamount to an election. Mr. Putnam is one of the veterans in the field. He was formerly an editorial man on the "Standard" of Boston, he founded the "Journal of Insurance Economics," which was later consolidated with the "Eastern Underwriter." He was a pioneer in the upbuilding of the National Association of Insurance Agents, he serving as its secretary for many years and doing a remarkable piece of work in its early stages. He is regarded as one of the forceful publicity men in the business.

## Hartford View of Home Loan Bonds

Company Executives Do Not See Any Virtue in Exchanging Mortgages

CONDITION NOT CHANGED

Severe Drought Has Offset Any Benefit to Be Derived in Price Advance

HARTFORD, Aug. 10.—Hartford companies do not like Home Owners Loan Corporation bonds and will not make a general practice of exchanging them for mortgages, officials declare.

It is intention of companies to deal, as they have in the past, with each case on specific merits. If investigation shows real estate involved in hopeless state of repair; that considerable funds must be expended in renovation; that taxes are greatly in arrears and that the mortgagor cannot meet interest and taxes, then, and only then, will it be of advantage to a company to accept a home loan bond in lieu of the mortgage. This is the opinion of those directing the mortgage and real estate activities of insurance interests here.

Questioned as to whether farm mortgages were in better condition at present than a few months ago the surprising answer of "no" was given by the head of one of the larger company's mortgage loan department. He stated that rise in commodity prices had been reflected in but a minor way in payments of interest and taxes in arrears. The severe drought in many sections had more than offset any benefits derived from the advance in price levels.

He was plainly skeptical of possible remedial effects of the home loan act. He doubted whether present day appraisals of real estate value would be sufficient for the mortgagor to get a loan sufficient to cover the mortgage. He also expressed some doubt as to the worth of governmental appraisals. He said:

"One can't expect us to accept a bond which stands for 80 percent of the value as appraised by the government's agent especially when we have not slightest idea of the market worth of bond, when we don't know whether the federal reserve system is going to back the bond, when we have not learned to what extent the bond may be eligible for rediscount and when payment of principal is guaranteed. Certainly we would prefer to stay with real estate. There we know at least approximately the market worth of our holding."

### PRUDENTIAL'S POLICY

NEWARK, Aug. 10.—Bonds of the Home Owners Loan Corporation will be accepted by the Prudential in exchange for mortgages in distress cases, where the offer of bonds is equal to the amount of the company's claim and will be given "due consideration" where the offer is less than the claim, President Duffield has announced.

"If such offer of bonds should represent an amount less than our claim," Mr. Duffield said, "such offer will be given due consideration, having in mind the social and practical purposes of the home owners loan act, as well as our obligation of trusteeship to our policyholders. We must be just before we can be generous, and it is our intention to analyze each case carefully with a view to exercising such discretion as will do no injustice to either borrower or policyholder."

## "They Are Benefactors!"

"Life insurance salesmen are among the most useful citizens in every community. They are benefactors. They are the men who do our worrying for us. They do our calculating, our foreseeing. They furnish us with vision when we have none of our own. They give us the opportunity, which every man ought to crave, of providing in a sensible and comparatively inexpensive manner for our old age and for those who are dependent upon us.

"For the normal man, with obligations and hopes and plans and visions, the life insurance salesman is a good friend, he has a rich and reputable, a sound and salable proposition to offer. He commands the respect of all but fools. With fools he should waste no time. He has too much work to do for the sensible. He may well approach all men confidently. He may rest serene in the belief that he is useful and that he is making life increasingly livable for a larger and larger number of people."

—The Atlanta Journal.

### THE PENN MUTUAL LIFE INSURANCE CO.

WM. A. LAW, President

Independence Square

Philadelphia

## Steady in Every Storm

The first six months of 1933 included one of the most critical periods in America's economic history. Yet the inherent strength and steadiness of sound life insurance companies during this period of stress has fully justified the confidence placed in them by millions of policyholders and agents.

The New York Life Insurance Company presents the following figures from its record for the first half of this year as concrete evidence of its progress during exceptionally trying times.

Ledger assets increased by more than \$25,987,000 during the first six months of 1933.

Total income exceeded \$189,117,000 while disbursements, including payments to policyholders, amounted to about \$163,130,000.

Cash in Home Office bank accounts on June 30, 1933, amounted to more than \$42,925,000, an increase of approximately \$15,672,000 during the half-year period.

New investments during the first six months of the year amounted to over \$18,439,000.

The New York Life's record—not only during the first half of 1933 but during every panic, war and epidemic of the past 88 years—is evidence of the strong and enduring foundation upon which this Company is built.



HOME OFFICE BUILDING

## NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE  
NEW YORK, N. Y.

## New Agents Take Part in Program

Fine Records Made by Youngsters,  
Report at Protective Life  
Convention

### HOLD CHICAGO SESSIONS

President Clabaugh Heads Home Office  
Contingent—Johnson Leads  
Agents' Club

New agents took a prominent part in the Chicago convention program of the Protective Life of Birmingham agents this week. One of the features Monday was a talk by E. J. Gilbert, a new agent of Gadsden, Ala., about a sales talk that helped him win membership in the Protective Club.

R. W. Bishop of Guntersville, Ala., who signed a contract Dec. 15 but did not get started selling until the first of the year, gave an address showing how preparation was responsible for his having pushed Lloyd Johnson of Tuscaloosa, Ala., for production leadership. Mr. Johnson is president of the Protective Club this year. Mr. Bishop, living in a town of 3,000 population, has been selling from 10 to 18 policies weekly. La Noue Matta, vice-president and superintendent of agents, said that for four months more than 50 percent of Mr. Bishop's applications have been tendered with checks attached.

#### Official Holds Him Down

Mr. Bishop, according to Mr. Matta, sold more business in the club year than any other Protective Life agent except Mr. Johnson. He worked 14 and 15 hours daily and on several occasions Mr. Matta was forced to appeal to the agent's wife to make him quit working so hard.

Mr. Bishop was cashier of the bank in Guntersville for 12 years, resigning last December over the president's protest to go with the Protective. He said personal appearance is important. The agent must appear successful. Every minute must be made to count. From 7:30 to 8:30 in the morning he studies life insurance. From then until noon he works in the field. After an hour for lunch he returns to the field until 5 and from 7 to 8 he plans the next day's work. In practice he lays out his work several days ahead so his time will not be lost by his prospect not being there when he calls. He uses a prepared sales talk in his own words. He maintains careful records. One secret of his success is that he has a number of contact men scattered through his territory furnishing him leads.

#### Discussion on Service

Another feature of the program was a discussion led by H. C. Cook, Texas manager, Waxahachie, on the proposition that servicing the policyholder pays the agent. A. L. Bell, manager at Mobile, told of a number of instances of policyholders' service bringing him new business. In one case a man to whom he had sold two \$10,000 policies previously called him from Pensacola, Fla., to come there to take a \$25,000 application. H. J. Baum, general agent Birmingham, told of similar experiences.

Vice-president Matta extended the welcome Monday at a group breakfast, presenting the gavel to Club President Johnson. The first speaker was E. B. Thurman, general agent New England Mutual, Chicago, whose talk is given in brief on another page. Mr. Johnson told of methods by which he was able to

## In Chicago



S. F. CLABAUGH

The Protective Life of Birmingham is holding its annual agency conference in Chicago this week and the home office delegation is headed by President S. F. Clabaugh. Mr. Clabaugh is a native of Birmingham and was educated at the University of Alabama. He is a former newspaper man, having established the "Tuscaloosa News" in 1910 and was at its head until he became postmaster at Tuscaloosa. He was vice-president of the City National Bank of that city. He started in life insurance as an agent for the Pacific Mutual and was elected president of the Alabama National Life in 1926. Later it was combined with the Protective Life and he has been the head of the latter since August, 1927.

win the Protective club presidency for this and the previous club year.

Mr. Gilbert then gave his talk. A. B. Hale, manager of the home office agency, led a discussion after which there was a moving picture advertising exhibit.

Following a group breakfast Tuesday, R. L. Davis, assistant manager Union Central, Chicago, and president Chicago Association of Life Underwriters, spoke on the opportunities for life agents during the coming period of better business.

#### Hammer Explains Service

T. J. Hammer, director agency service, explained that the company was concentrating attention this year on direct mail. He exhibited two letters, one to create interest in the income bond and the other in family income policies. The letters offer a real leather address book imprinted with the prospect's name. Returns on test mailings ran from 12 to 15 percent. Mr. Hammer said these were considered good inquiries since persons who responded under-

(CONTINUED ON PAGE 16)

#### Home Office Agency Man

Man age 46, married. Employed at present as Agency Supervisor in important territory. Over 13 years successful experience as personal producer, general agent, manager and assistant manager of agencies. Thoroughly conversant with Research Bureau's Training plan. Have successfully introduced modern prospecting, organized sales plan and time control in present position. For a very definite reason seeking for the first time a new connection which must afford a permanent and attractive opportunity for advancement as a reward for intelligent and honest effort. Full details of past work will be furnished to those who might be interested. Company chosen must be well managed and highly regarded. Address X-58, The National Underwriter.

#### DYNAMIC SHORT COURSE

Designed to put a new man into production upon a service basis at end of three days. Price \$3.00 cash with order, full refund if complete plans are followed and you are not satisfied.

Insurance R & R Service  
Indianapolis, Indiana



## American Life Convention Program Nearing Completion

### CONSIDER NATIONAL CHANGES

Section Dates Given—Chairman Adams  
and Associates Secure Outstand-  
ing Executives for Speakers

The program for the annual meeting of the American Life Convention Oct. 9-13 at the Edgewater Beach Hotel, Chicago, is nearing completion and will be announced within a week or ten days. The committee in charge of the program, composed of Claris Adams, vice-president American Life of Detroit, Lee J. Dougherty, president Guaranty Life of Iowa, A. J. McAndless, vice-president Lincoln National Life, and Walter E. Webb, executive vice-president National Life U. S. A., have obtained the acceptance of many outstanding life insurance and financial executives to appear at this year's meeting.

The meeting dates for the several sections and general session are: Legal Section, Oct. 9-10; Financial Section, Oct. 10; Agency Section, Oct. 13, and general sessions, Oct. 11-13.

#### Consider NIRA Effects

In arranging the program consideration will be given changes that should result from the operation of the national industrial recovery act and other new legislation. Especially in the field of investments have there been developments of the greatest portent for life insurance. Men who are authorities on various investment problems are scheduled to handle the various divisions of the subject of life company investments.

The Agency Section has arranged its program so as to give its membership the benefit of the best minds in the profession in the solution of the greatest present day problems of the heads of the agency departments of life companies.

The entertainment of the insurance men and their ladies who attend the meeting has not been neglected in the arrangements for the five days. The Century of Progress Exposition will be the main attraction. The program committee is arranging the business schedule so that an entire afternoon is left open for a visit to the exposition grounds.

The fact that A Century of Progress Exposition has been bringing unprecedented crowds to Chicago makes it advisable to make hotel reservations at once in order to be assured of desirable accommodations. In making their hotel reservations, those planning to attend the American Life Convention meetings should be certain to mention that fact in their letters to the hotel management so that they will be given the benefit of the special rates being extended to the convention members and their families.

### Special Libraries People To Have Chicago Meeting

The Special Libraries Association will hold its annual meeting at the Congress hotel in Chicago for three days starting Oct. 16. This group consists of library workers in insurance, public utility, newspapers, industrial companies, universities, etc. Dr. A. D. Albert of Chicago, who has had much to do with the Century of Progress Exposition, will speak on "The Part the Special Library Will Take in the Industrial Recovery Program." There will be speakers in various fields. W. H. Cameron, managing director of the National Safety Council, will address the insurance group. Miss Laura A. Woodward, librarian at the home office of the Maryland Casualty, is treasurer of the association. The official magazine, "Special Libraries" is edited by Miss Florence Bradley at the home office of the Metropolitan Life.

## Triple Selling Job Faces Agent, Says Thurman

Far from having only one sale to make, life agents must do a triple selling job, E. B. Thurman, general agent in Chicago of the New England Mutual, told agents of the Protective Life at their convention in Chicago.

An agent's first task is to sell himself on the business, his company and his own knowledge of life insurance and ability to sell it. After this comes the task of selling the prospect. Finally, the most difficult task of all, Mr. Thurman believes, is that of selling the company on the proposition that the applicant is a good risk.

In order for an agent to have the right mental attitude for a successful salesman, he has to learn something of the setup of legal reserve life insurance, of the problems and desires of men, what motivates them.

In order to sell the prospect, the agent must put to use his knowledge of human nature, of persuasion, emotional appeal, etc. Here too he can make effective use of the large accumulation of information, suggestions, etc., in home office agency departments.

Although the sale of the risk to the

home office is most difficult of all, Mr. Thurman says, home offices have specialized help for agents in this final step, such as medical examinations, inspection services, etc., all of which serve as a medium of presenting every side of the risk to the home office.

Mr. Thurman quoted Henry Ford's recent statement as to the essentials of success to the effect that a man must be able to perform the job with which he is entrusted and secondly, he must get along with his associates, learn more and do better work, because of these associations. In life insurance the idea of cooperation between home office and field has grown greatly in the last few years and agents are able to do their jobs better because of the closer hookup.

### Over 200 Northwestern Qualifiers

More than 200 have qualified to attend the Northwestern National Life's convention in Chicago Aug. 22-25.

The White & Odell agency of Minneapolis with 33 representatives has the largest number of field men qualified. Tied for second honors are the Texas state agency, Houston, and the A. W. Cray agency, Fargo, N. D., with 10 each. H. O. Wilhelm & Co., Omaha, has eight and the Truman H. Cummings agency, Detroit, seven.

## Present Day Life Insurance Selling Discussed by Davis

### LESS COMPETITION IS SEEN

Agent Must Meet Existing Conditions—  
Life Business Keeps Pace with  
Nation's Needs

Life agents are now meeting far less competition with general business for the prospect's dollar than in a long time, R. L. Davis, assistant manager of the Union Central in Chicago, told agents of the Protective Life at their convention in Chicago. Mr. Davis said installment buying is not bothering life men much today as it did in the prosperity era when a dollar down and a dollar a week appeared to be the national slogan.

Life agents, he said, cannot change general business conditions but they can change themselves to meet the conditions which exist. They should not take "no" for an answer. More than ever before this is a self defense measure of prospects, many of whom

(CONTINUED ON PAGE 16)

# MISSOURI STATE LIFE INSURANCE COMPANY

St. Louis, Missouri

LIFE--ACCIDENT AND HEALTH-  
GROUP AND SALARY SAVINGS  
INSURANCE





National advertising opens the door and makes the introduction... a planned interview guides the presentation and keeps the prospect's mind on the track... a tested sales talk makes the policy tangible... desirable. That's how "Merchandised Selling" works!

The  
**UNION CENTRAL LIFE INSURANCE**  
Company  
CINCINNATI, OHIO

### American Bar Association to Have Insurance Program

NEW SECTION MEETS AUG. 28

Superintendent Van Schaick, Walter Bennett and G. W. Denmead to Speak at Grand Rapids

NEW YORK, Aug. 10.—Superintendent Van Schaick of New York, Walter H. Bennett, secretary National Association of Insurance Agents, and G. W. Denmead, vice-president and general attorney New Amsterdam Casualty, will speak at the first session of American Bar Association's new insurance section Aug. 28 in Grand Rapids, Mich.

Mr. Van Schaick will speak on "Some Legal Aspects of Insurance Administration," while Mr. Bennett will discuss "Insurance Premiums as Trust Funds." Mr. Denmead will speak on "Problems Arising from the Liability of Joint Tort Feasors." Charles Denby, Jr., of the Philadelphia bar, chairman of the Pennsylvania committee on unemployment insurance legislation, will speak on unemployment insurance.

President Martin of the American Bar Association has expressed the belief that the insurance section will attain a position and influence unsurpassed by any other section of the association, according to A. T. Vanderbilt of Newark, chairman of the standing committee on insurance law.

Mr. Vanderbilt states that the association's aim is to make the section thoroughly representative of every phase of insurance. To that end invitations to attend the gathering are being sent to commissioners of insurance and their departmental counsel, the Association of Life Insurance Counsel, the Legal Section of the American Life Convention, the Fraternal Society Law Association, the home office counsel and legal staff of fire, casualty and surety companies, members of the International Association of Insurance Counsel, and attorneys specializing in insurance work.

### American Central Host to the Pan-American Forces

The good feeling and friendliness among life companies was noticed in a luncheon that the officials of the American Central tendered the field and officials of the Pan-American Life when the latter held its regional convention in Indianapolis. President H. M. Woolen of the American Central was in charge. Vice-president E. G. Simmons of the Pan-American Life and Ted M. Simmons, manager of agencies, represented its home office. Both Mr. Woolen and Dr. Simmons were formerly presidents of the American Life Convention. There were 70 Pan-American Life field men as guests. Insurance Commissioner H. E. McClain of Indiana was present and spoke. There were 15 young women connected with the home office of the American Central Life, who were invited as guests. M. B. Oakes, president of the R. & R. Service, gave a talk.

### Bartlett Heads Lamar Agents

Brady Bartlett, Houston, Tex., was elected president of the All Star Club of the Lamar Life at the annual agency convention in Biloxi, Miss. T. H. Cutrer, New Orleans, was elected vice-president, Ran Schlater, Greenwood, Miss., second vice-president and Clarence Buckley, Jackson, Miss., third vice-president.

The following were awarded conservation medals by the Lamar Life for the past agency year: I. S. Watson, Meridian, Miss., gold; W. E. Watts, Brookhaven, Miss., silver, and S. C. Wallace, Crystal Springs, Miss., bronze.

### Look for Further Increase in Rates of Life Companies

Life companies that have been writing considerable low premium business find that the margin of profit is whittled down to the vanishing point. In fact non-participating companies undoubtedly will all have to revise their rates unless they have done so within recent years. The loss on investments has made a deep hole in income. Not only has interest been lost but in many cases there has to be a sacrifice of principal. Life companies therefore have been subject to terrific bombardment. Most companies got out low premium policies in order to meet competition and even when times were good and production was heavy, the profit was not great. Now comes the national recovery act which seemingly will oblige many companies to increase minimum salaries and thus add to the payroll account. This naturally was not on the boards when companies made their rates. The general impression is that there must be a revision upward in order to make the companies feel safe.

### Northwestern Mutual Folk Pay Own Convention Expense

S. L. Youngquist of Knoxville, Ill., district agent of the Northwestern Mutual Life, in commenting on agency conventions and the fact that some companies are omitting them this year because of expense, calls attention to the fact that at the recent convention of his company that were about 1,000 present from every state. It was an inspiring gathering. He said that every agent pays all his expenses. The company does not spend anything and has not for these conventions. It does not matter whether an agent writes \$1,000 or \$2,000,000 a year, he is entitled to go and arrangements are made for him. Every man who attends pays an enrollment fee which gives him a badge and he is entitled to attend therefore the annual banquet and any other entertainment features. Mr. Youngquist thinks that this system has proved a great success, at least with the Northwestern Mutual and the agents are well satisfied with the course that is followed.

### Old Republic Convention

A banquet in Chicago Monday evening of this week concluded a four-day conference of representatives of the Old Republic Credit Life of Chicago. There was much enthusiasm, because the officers were able to report that July was the biggest month in the history of the company or of the predecessor companies—the Old Republic Life and the Bankers Credit Life.

A business session was held the first day and then most of the time was spent at the world fair.

N. A. Nelson, Jr., secretary, presided at the business session and was toastmaster at the banquet. Among the speakers were E. D. Stringfellow of Birmingham, Ala., executive vice-president; W. B. Phillips and Mark Hodo, both of whom are directors and reside at Birmingham.

Other speakers included C. J. Drier, treasurer, J. J. Jarrell, head of the credit plan, and C. W. Howe, former president.

Mrs. Ben I. Rapport, wife of the former president, who died suddenly just a few months ago, went to Chicago from Birmingham to attend the affair. She was presented with a huge bouquet at the banquet.

### Would Extend Investment Law

ALBANY, Aug. 10.—A bill has been introduced in the New York senate which would allow life companies to invest in the bonds of the federal land bank, intermediate credit bank or home loan bonds. This legislation was recommended by Governor Lehman.



## Increase Companies

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## Sale of Annuities Grows Greatly as Conditions Lag

### DO MUCH BUSINESS IN JULY

#### Rate Advances Stimulate This Line—Large Amounts Common Topic of Conversation

There has been a tremendous increase in the sale of all forms of annuities, according to reports from many companies and agencies. Almost universally throughout the country it is said that the agents still are having difficulty to meet their life quotas and keep even with 1932 production, but that annuities are going strong and are to a great extent helping to make up the difference.

How striking has been this growth is evidenced by a letter sent to general agents of the National of Vermont by Second Vice-president E. D. Field, who supervises underwriting. He stated that new life production is down but life annuity business more than doubled in the half year, the result being that new business income from life and annuity premiums in the six months totaled \$393,670 ahead of the same period last year.

#### National Life Experience

In July, he reported, annuity orders grossed \$1,100,000 as against \$1,376,801 paid for in the previous six months.

Annuity business has been a life-saver for many agents who after fighting the depression four years had begun to think that life insurance really had "turned the corner" and was on the upgrade, only to meet the disappointment of the "false inflation."

Companies and agencies have capitalized heavily in the last month upon the prospect of increased annuity rates. It became certain that even those companies which had not yet announced their decision would follow shortly with increases.

Many agencies circularized carefully selected lists of policyholders, drawing considerable business from this source.

#### Are Circularizing Policyholders

One agency of the Aetna Life, whose annuity rates went up Aug. 1, launched a direct mail campaign directed at all policyholders over 40 years of age, all with \$10,000 or more insurance and all with policies carried ten years or more. It was considered these might be more susceptible to the annuity argument than others and the results proved the correctness of this analysis.

In at least two cities at the moment are agents seeking to place with the companies, each, a \$2,500,000 annuity in combination with life insurance. These larger cases have overshadowed the many smaller ones. Until this year a \$20,000 single premium annuity was considered a fairly large one. In the past there was only a limited sale of annuities. These had little appeal, other than the assured life income of a stated amount, to the average person with sufficient means to buy one. Generally, people with loose money turned to the larger possibilities in the stock or bond market, real estate or their own businesses.

#### Turn from Other Investments

Now that the national faith in most forms of investments has been substantially withdrawn until there is a decided change in conditions, it is common on entering an agency to hear of \$50,000, \$100,000 and even larger annuities sold. Many agencies this year have experienced the thrill of having a man or woman walk in with cash or certified check in very large amounts to buy an annuity.

The sadder side of the picture often is seen when a person walks into an agency, lays down a packet of bonds,

stocks, first mortgages, gold 6 percent real estate bonds or what not, and asks advice what course to pursue, whether to take the loss on the present market and buy an annuity with the depreciated value of the securities, or to wait for a problematical rise in the market.

Few agents have the temerity to advise in such a case, fearing to assume responsibility for a possible wrong guess. Generally the prospects are told that annuities are for sale there whenever the cash is brought in.

#### Vote on Brown's Successor

OKLAHOMA CITY Aug. 10.—Votes are coming in slowly in the mail ballot to elect a successor to Commissioner M. L. Brown of Massachusetts, on the executive committee of the National Convention of Insurance Commissioners, following his elevation to chairman of that committee. Chairman Brown asked that all ballots be in the office of Secretary Read by July 21, but only seven replies have been received.

#### Mutual Life's Club Meeting

The annual convention of the \$250,000 Field Club of the Mutual Life of New York will be held in New York City May 22-23, 1934. The last field club convention in New York was in 1916.

## Upturn Is Now Noticed in Agricultural Conditions

### MORE INTEREST BEING PAID

#### Life Companies Are Much Encouraged Over the Better Spirit Among the Farmers

With the easing up of the farm situation and increase in prices of farm products, there is a more encouraging spirit found in the agricultural sections. Life companies having farm mortgages feel greatly encouraged because farmers that were holding back on their interest have started to pay and others that had about concluded to give up the ghost are now imbued with life. The machinery for trading farm mortgages for bonds guaranteed by the government has not yet gotten into motion.

#### Little Trading in Prospect

Life companies are of the opinion that far less of this trading will be done than anticipated. Companies will much prefer to have their mortgages if the interest can be paid. They will only

be interested in trading if there are distress cases or if there is an opportunity to assist a farmer in redeeming his land. Even in distress cases there would have to be a rather liberal appraisal to satisfy the life companies. The farm mortgage situation has taken on a much brighter hue and companies having these in their portfolios are convinced that the worst is over.

## Charlotte Organization Is at the Head of the List

Because the Charlotte, N. C., organization of the Jefferson Standard Life surpassed all previous records and produced \$1,575,000 in July, they were taken to Greensboro to the home office as guests of honor and tendered a banquet. President Julian Price presided. There were 60 in the visiting party headed by Lester Brooks, the manager at Charlotte.

Talks were made by General Counsel J. C. Smith, Agency Manager A. R. Perkins, L. W. Porter of Spartanburg, and Mr. Brooks.

The Jefferson Standard production in July throughout its territory was \$5,300,000. This exceeded July 1932, by more than \$800,000.



## ORGANIZED SELLING METHODS

mean complete "tools" and success  
for the "Man on the Street"  
who is willing to pay the price  
in consistent hard work

# THE MINNESOTA MUTUAL LIFE INSURANCE CO.

Saint Paul, Minnesota

# OBSERVATIONS ON LIFE INSURANCE

—BY E. JAY WOHLGEMUTH—

The life insurance companies of the west and south which have been built up so laboriously and at such great expense since the Armstrong investigation in 1907 have done some notable work. Not only is their preservation important to themselves, to their agents and policyholders, but to life business as a whole. Before the Armstrong investigation the business was in virtually a static condition compared with the past quarter century. The investigation itself created new standards, by limiting expenses, the tontine principle and other unwholesome tendencies such as investments in common stocks; but it also stimulated the business very largely by accepting the principle, later enlarged into the one-year preliminary term reserve, by which it was possible to build business without the investment of large capital. This new competition not only made the old and large companies look to their laurels, with wholesome effect, but it popularized life insurance by arousing pride and interest in local institutions and gave the business a broad national character. The new companies were forced to go out into the highways and byways for business, take on and train many new agents, develop actuaries with new points of view and evolve and train executive talent capable of dealing with difficult problems.

But some evils have crept in along with the good. Too high salaries and agents' commissions have been paid; sound and tried investment principles have not always been followed; officers have sometimes looked upon their companies as proprietary institutions without proper regard and appreciation of the fiduciary nature of the business. Not

all companies have been fortunate in developing the right kind of officials.

The depression brought all these weaknesses out into the strong light. The testing period of the great experiment had to be met with courage, integrity and ability. Out of the crucible will come the stable institutions of the future.

\* \* \*

It was inevitable that national supervision would pop up somewhere in the picture during this period of almost universal nationalization. However, while this article is not a brief either for or against national supervision, it should be remembered that the present nationalizing trend is presumably only temporary. It is inconceivable that a country like this should regard as anything but emergency measures the great mass of national legislation that has been enacted since the Roosevelt administration came in or that the president of the United States should be given the powers that he has been given, except as a war or emergency measure.

Newton D. Baker said in an address at Amherst College, "we have given to a single person," meaning the president, "more power than any man ever had who walked this earth." He added: "I believe in representative government. I do not believe in personal government except in emergencies."

President Hoover started with vast projects for solving various problems through the national government, even though in many cases he only appointed commissions, but President Roosevelt has turned the Hoover theory into practice and multiplied it several times. The country is virtually unani-

mous in backing up President Roosevelt's policies on the theory that they are merely war or emergency measures; no one knows how the president himself regards them. At present the country is in suspense and the real test will come when and if President Roosevelt attempts to make his nationalizing policies permanent.

\* \* \*

National or state supervision of insurance is merely a choice between two political systems. If the people are determined that everything shall be done through the national government, then there is not much hope from state government. The Democratic party is the traditional party of state government, and yet it has, at least temporarily, gone so far toward nationalization that the Republican party must be considered the state party government, if there is any. The cry for national supervision of insurance seems to be based more largely upon the so-called success of the national bank and federal reserve system in banking, and yet where have we had a more striking failure of any system than in our banking? Probably not one out of ten national banks really held to sound banking during the inflation and it was the vast extension of credit by the national banks that encouraged the speculation and inflation which resulted in collapse. The banks and their affiliates, the investment banking corporations, drained the country of its money by the sale of inflated securities. It was not the small state bank which originated this and other practices which resulted in the panic and in fact the small state banks were the victims of the larger banks which forced upon them a lot of inflated securities which caused their failure, yet we have the spectacle of the national banks being held up as a model and the state banks, which had very little to do with bringing about the conditions, made the target for many attacks.

The fact is that there are just as

many evils inherent in a national banking system or a national insurance supervisory system as in the state system. The importance of both is greatly exaggerated. While some insurance companies have been put out of business by the insurance departments which might have recovered and gone on the states have on the whole pretty well protected the public against fraud, and that is all they are supposed to do. No insurance department ever built a company or ever will.

Advocates of the state government would say that if the state supervision system is wasteful or inefficient it is the duty of the citizens of the state to see that economy and efficiency are introduced; merely to transfer these functions to the national government is to overlook the fact that this in itself will not correct weaknesses and defects, or overcome the ignorance and inability of company management. If we are to nationalize everything else, presumably insurance must follow suit, but perhaps the final result will be very little different whether we have national or state supervision.

## Federal Control Is Nearer, Actuary H. R. Corbett Says

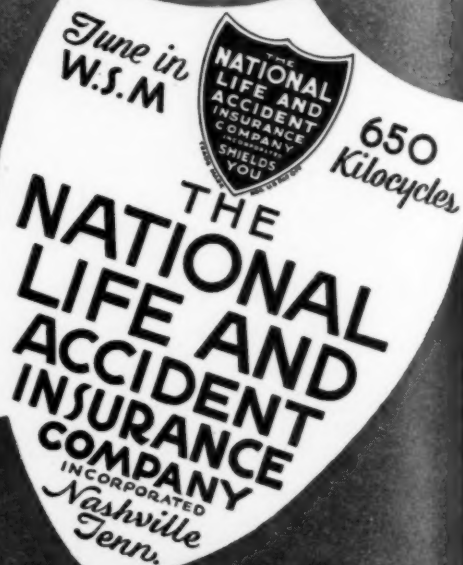
Henry R. Corbett, independent actuary of Chicago, has handed to the editor of the record of the American Institute of Actuaries observations that he intended to make during the recent annual meeting of that organization in Chicago on "Changes in Standard Laws," which he was prevented from doing because of limited time.

Mr. Corbett favors federal control of insurance. States are actually weakened by exercising abnormal functions, he states. They grow more efficient in their tremendous field of local government as they yield to the nation one by one functions essentially national in character. Practically all insurance today is national, he pointed out. What

## To Help Break Sales Resistance

- W.S.M. The "Shield" Company's own 50,000 watt, radio station that broadcasts eight popular programs a week designed to help our "Shield Men."
- V.S.B. Our Visual Sales Book recently published and built "from the ground up" in our own organization is exclusively adapted to present to prospects the Shield Plans of Insurance.
- O.S.P. A practical Organized Sales Presentation to be used by "Shield" Men as an intelligent guide and useful reference.
- V.P.C. Our Varied Policy Contracts on life, accident and health rank Shield Men among the best equipped insurance men.

"It Pays to be a Shield Man in a Company that Shields Millions"





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little uniformity there is, is due chiefly to the extra legal, benevolent depotism of the New York department, he said.

"What we need is freedom from county sovereignty—I will not say state sovereignty because intercommunication and accessibility have shrunk the states to counties and neighborhoods.

"In the rapid changes that are taking place in Washington, insurance may be nearer than it thinks to federal supervision. We may be nearer than we think to a new freedom from the divergent meddling of 48 legislative county seats," he stated.

## New Effort Made in Texas to Modify Robertson Law

AUSTIN, TEX., Aug. 10.—After a conference here, Representative P. L. Anderson of San Antonio expressed the belief that the governor will call a special session of the legislature about Sept. 5, and that more than likely the modification of the Robertson law will be submitted. He predicted that if that subject is submitted, the legislature will take favorable action.

The bill which Anderson will introduce would put a tax on the outside insurance companies which might return to the state, and he estimates that it would produce revenue of at least \$1,000,000 to the state. A bill for modification of the Robertson law was introduced in the last legislature but was killed because it did not provide revenue, Mr. Anderson said.

## OUTSIDE COMPANIES DUBIOUS

NEW YORK, Aug. 10.—Life men outside of Texas are not so confident that there will be any modification of the Robertson law sufficient to cause out-of-state companies to reenter the state to any extent. Texas life companies naturally prefer things as they are and are a factor to be reckoned with in any proposal to modify the Robertson law. It is understood that a number of out-of-state companies have enough Texas securities to qualify for reentry into the state but are not applying for readmission because of their opposition to the principle embodied in the Robertson law.

## Truesdell Back with Agricultural

H. M. Truesdell of Grand Rapids, Mich., has been appointed home office agency supervisor and agency organizer of the Agricultural Life of Detroit.

Mr. Truesdell was formerly agency manager of the National Life, U. S. A., and district supervisor of the Michigan Mutual Life.

He started in the business with the Agricultural Life in 1916, when the company was only 90 days old, built a substantial home office agency, then moved to Grand Rapids where he had a good agency. He resigned in 1923 to go with the Michigan Mutual as district agency supervisor.

Mr. Truesdell will maintain offices in Grand Rapids and Detroit.

## President's Month Success

The month of July was president's month in the Union States Life of Portland, Ore., and a special effort was made for more production. The company announces that the business written shows an increase of 98.8 percent over June and surpasses the record of a year ago for July.

President W. E. Hibbard organized the Union States Life some two and a half years ago and today the company has approximately \$7,000,000 insurance in force.

The arrangement of material in the Little Gem Life Chart is of convenient, non-competitive style, designed for the best methods of selling. Order at your company club rate from The National Underwriter.

## Group Policies Augmented by Number of Accretions

## EMPLOYMENT ON THE UPTURN

## More People Are Being Taken on By Concerns That Are Present Patrons

Life companies writing group insurance find that during the last two months there have been additions to groups which have increased the premium income. All groups have been very hard hit owing to employers cutting down their overhead and reducing the number of working people. This naturally had a material effect on group insurance so far as income was concerned. The number of groups was not materially diminished although some employers found it necessary to give up this insurance entirely. Most of them, however, continued it. The expectation is that from now on these groups will gradually increase. It is thought that the bottom has been reached so far as employment is concerned.

## Depositions Were Taken in Commissioner Clark Hearing

DES MOINES, Aug. 10.—In a deposition hearing E. W. Clark, insurance commissioner, identified 205 exhibits, principally letters, connected with his approval of the merger of the Modern Brotherhood of America, Mason City, Ia., and the Independent Order of Foresters, Toronto, Can. The deposition is to be used in connection with a suit filed by three certificate holders in the Brotherhood at Tipton, Ia., against the Foresters to require a reallocation of \$890,364 of Brotherhood funds set up as a special reserve, after the merger.

It is alleged the special reserve in the amount stated is not set up in the merger agreement. Plaintiffs desire it reallocated to the credit of inadequate rate paying certificate holders in the Brotherhood.

Among letters identified by Commissioner Clark in the deposition hearing were a number which showed he was persistent in his insistence on the allocation of the reserves to the credit of the inadequate premium paying members.

## Evidence as to Special Reserve

The commissioner testified that the \$890,364 special reserve was set up a year after he approved the merger. It was brought out that the merger also had had the approval of the Iowa attorney general. All correspondence between the commissioner and the two fraternal and with the Canadian department, together with examination reports and annual reports were identified by Commissioner Clark.

Trial of the action in which depositions were taken probably will be held in September.

At a resumed hearing Tuesday Mr. Clark, when asked by Attorney Bannister if he had received any money from C. R. Parks Service Co. of Chicago, or anyone in connection with the merger, denied receiving any sum whatever.

Questioned in connection with his former position as treasurer and farm manager of the Modern Brotherhood prior to his becoming insurance commissioner of Iowa, Mr. Clark said he had resigned in April, 1931, at the close of the 44th Iowa general assembly in which he served as state senator. It was during this legislative session he had been appointed insurance commissioner by Governor Dan Turner, and confirmed in appointment by the senate. He said he received his final check for his services as treasurer before he took office as commissioner.



## I represent the Great Southern

Great Southern agents are direct representatives of the company because each has a contract direct with the home office.

There are many benefits accruing to our representatives from this arrangement. In the first place they have immediate and direct contact with the home office executives who have more than a business interest in each man. They have closer and more generous home office cooperation. They have the direct support of men who have experienced their same problems.

This same direct with the company contract provides our representatives with a liberal first year and exceptionally large renewal service commission. It gives them a complete line of policies, that are backed by a financially strong and sound company.

If you are interested in becoming a Great Southern Representative, write the home office for full details.

## GREAT SOUTHERN LIFE INSURANCE COMPANY

E. P. GREENWOOD, President

HOUSTON, TEXAS

## THE NATIONAL UNDERWRITER

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E. J. WOHLGEMUTH, President  
HOWARD J. BURRIDGE, Vice-Pres.-Gen. Mgr.  
JOHN F. WOHLGEMUTH, Secretary  
Associate Managers:

W. A. SCANLON G. C. ROEDING

O. E. SCHWARTZ  
CINCINNATI OFFICE  
420 E. Fourth St., Tel. Parkway 2140  
LOUIS H. MARTIN, Manager  
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Service Dept.

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NEW YORK OFFICE  
Room 802-123 William St., Tel. Beekman 8-3958

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HARTFORD OFFICE  
Room 802, 18 Asylum St.  
Telephone 7-1227

RALPH E. RICHMAN, Manager

PHILADELPHIA OFFICE

1127 Fidelity-Philadelphia Bldg., Tel. Pen 3706

HOWARD L. KUDELL, Resident Manager

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Associate Editors:  
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DALE R. SCHILLING

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407-8 Flatiron Bldg., Tel. KEarny 8054  
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### R. F. C. Offers Its Facilities

THE governmental agencies that have been organized to assist financial institutions or other enterprises have not been so highly effective so far as insurance is concerned. The companies that own farm mortgages evidently are not taking advantage of the offer to make exchange of these mortgages for bonds through the federal land bank machinery. The bonds pay 4½ percent interest and that item is guaranteed but not the principal. Furthermore there would undoubtedly be some sacrifice in the face amount as an appraisal of the land would reduce the valuation. If a company had a \$5,000 mortgage it might secure bonds of \$3,500 or something of that nature. Therefore companies evidently are not eager to make the exchange. The home loan bank proposition whereby those making loans on homes could buy stock and thus arrange for easing up on mortgages held have not been found to be at all interesting. The RECONSTRUCTION FINANCE CORPORATION has made loans but the collateral demanded was the best and the publicity attendant on the granting of loans wrought more or less havoc and was embarrassing.

Now it is stated that the R. F. C. is in a far more friendly attitude and is perfectly willing to assist companies on a more satisfactory basis. For example, if a company's capital is not impaired, the R. F. C. will take the entire additional issue of preferred stock. If the capital is impaired and if a company can be rehabilitated, then the R. F. C. will purchase preferred stock, matching dollar for dollar put up by the stockholders. If a company desires money to purchase another company or for reasons akin, the R. F. C., will go to its assistance, matching dollar for dollar on preferred stock.

The R. F. C. now seems eager to come to the rescue of companies. It was stipulated in the amendment to the act by Congress that no company paying an officer over \$17,500 per year in salary is eligible for this assistance. One of the gratifying features is the announcement that no publicity will be given to a transaction. It seemed most unfortunate that whenever any institution received a loan from the R. F. C., the fact was bruited abroad and used to its disadvantage in some cases by competitors.

### General Agents' Problems Many

ONE of the most interesting features in connection with the annual convention of the NATIONAL ASSOCIATION OF LIFE UNDERWRITERS is the session given for general agents and managers. This takes place the day before the general convention opens. In some respects some of the so-called side shows of these big conventions furnish more practical benefit at times than the affair in the big tent. The problems of the supervising general agent have been far more serious and intricate during the last few years. The soliciting agent has been confronted with conditions he had never before encountered in his career as a life insurance salesman. These have naturally been reflected in the work of the manager. The crash reduced buying power and it forced life insurance men to revamp their prospect lists entirely. Then

came the moratorium which struck the business with a dull thud.

The attempt to keep the ship sailing ahead under these adverse conditions has required real courage and ingenuity. Agencies found their business had decreased materially, far greater service was being required, loans and surrenders mounted, collections were harder and companies found it necessary to use more restrictive measures. These affected the general agent seriously. Therefore it is meet that the NATIONAL ASSOCIATION OF LIFE UNDERWRITERS set aside a time when these men should meet and discuss those topics of vital interest to them.

"Many adults are invisibly small because they play with toys all the days of their lives."

## PERSONAL SIDE OF BUSINESS

During the time the Volunteer State Life was holding its agency convention in Chicago, the home office representatives and agents celebrated the birthday anniversary of Dr. J. B. Steele, medical director. Agency Vice-President A. V. Mozingo had asked those of the field force who were to attend the convention to bring in \$250,000 of new business to be presented to Dr. Steele. When the count was made it was found that there was a total of \$425,000. A wrist watch was given to Dr. Steele by those present. Manager J. W. King of San Antonio, in presenting the watch to Dr. Steele said he knew the latter would "accept the works but reject the case." Dr. Steele is greatly beloved by all in the Volunteer State Life organization.

Roy A. Lunde of the Chicago agency of the Sun Life of Canada has been elected president of the Macaulay Club of that organization, which includes all the large producers throughout the country. Mr. Lunde was formerly a member of the Chicago agency of Lunde & Buswell in the Insurance Exchange doing a general line of business. He has been active in the life field for some 21 years and joined the Sun Life in February, 1929. He produced \$1,044,000 during the club year, thus giving him a margin of \$200,000 over the next agent in rank. Mr. Lunde, accompanied by his wife, attended the outing given by the company at Quebec for those who qualified. Manager D. J. Scott of the Chicago office met the delegation in that city.

Karl J. Guhne, who has resigned as general agent of the State Mutual Life of St. Louis, has returned to the management of the Guhne Service, 105 S. Ninth street, which he originated six years ago. Life insurance men use this service to a considerable extent because of its visible policy analysis. He will resume his activity in the way of agency talks, educational work and class instructions.

In commemoration of his birthday anniversary, U. S. Brandt, president of the Ohio State Life, was tendered a surprise by members of the home office force. The employees presented him with a huge birthday cake and also a resolution, signed by every member of the home office staff, expressing congratulations to Mr. Brandt, which was read by Dr. C. E. Schilling, vice-president and medical director. Another feature was a shower of applications sent in by the field force. Mr. Brandt helped to organize the Ohio State Life 27 years ago and has been active in its management ever since.

In a three-cornered race, George C. Peery, former member of the Virginia state corporation commission with special supervision over insurance matters, won easily in last week's state Democratic gubernatorial primary, getting almost as many votes as both his opponents. Nomination is equivalent to election. While he was connected with the commission, Mr. Peery made many friends among the insurance fraternity.

W. A. Keeling, president of the Acme Life of Austin, Tex., and former attorney-general, has been appointed by President Roosevelt as a member of the emergency mediation board to investigate the threatened strike involving the Louisiana, Arkansas & Texas Railroad.

Col. John G. Maher, former president of the Old Line Life of Lincoln, Neb., reinsured some months ago by the Lincoln National, has refused appointment as a member of the federal board of public works for Nebraska. Colonel Maher will spend the next year in Europe, and has strong recommendations for appointment as minister to Switzerland, for

which he has the backing of Senator Norris of Nebraska.

Mrs. Amelia Buckman, mother of Harold H. Buckman, vice-president and actuary of the California-Western States Life, died recently at the age of 80. Burial was in Sacramento.

T. A. Sick, treasurer of the Security Mutual Life of Nebraska, has been named chairman of the insurance subdivision of the Lincoln chamber of commerce, succeeding A. B. Olson, agency director of the Bankers Life of Nebraska. Mr. Sick's first task was to line up all of the Lincoln insurance interests back of the NRA movement. This was done 100 percent.

Walter ("Rabbit") Maranville, star second baseman of the Boston Braves baseball team, has arranged for a retirement annuity program with Emmet Bowles of the A. B. Johnson Agency of the Equitable Life of New York in New York City so that he will have ample provision for the future. Mr. Maranville is one of the veterans in big league baseball.

The American Central Life at its head office in Indianapolis starts this week on a five-day week basis, maintaining a skeleton organization on Saturdays.

E. W. Kopf, assistant statistician at the head office of the Metropolitan, died last week. A year ago he suffered an attack of thrombosis. Last spring he again became ill and he had been in such a condition that his death was not unexpected. He entered the office of the Prudential in 1903 and in 1912 went to the Metropolitan Life, remaining all the time in the statistical department.

R. T. Eckenrode, 45, Penn Mutual agent in Harrisburg, Pa., was drowned in Atlantic City while heroically trying to save the life of his father-in-law. There was a strong wind and an unusually rough sea and his father-in-law, M. H. Ooster, a cigar manufacturer, apparently suffered a heart attack while in the water. Mr. Eckenrode and his brother-in-law, Harry Ooster, jumped in after him but were caught in a strong tide and drowned. Mr. Eckenrode has long been one of the leading producers of the Penn Mutual Life. His brother, E. R. Eckenrode, was his general agent.

### Joker in Anti-Twisting Law in Washington

What appears to be a joker in the anti-twisting law which was enacted at the last session of the state of Washington legislature is causing much comment in that state. Whether this was inserted in the bill inadvertently or was slipped through deliberately by those opposed to the measure in the expectation that its presence would cause the law to be nullified in a court test is not known.

The law starts off much the same as anti-twisting laws in other states, and the section in which the joker appears reads as follows: "nor shall any such company, officer, solicitor, representative or agent thereof, any other person, firm or corporation make any misleading representations or incomplete comparisons of policies to any person insured by any life insurance policy, for the purpose of inducing or tending to induce such person to lapse, forfeit, surrender or retain the said insurance or any part thereof." The joker, of course, is the term "or retain." The law is obviously ridiculous in that form.

A. H. Reets has been named Iowa state agent for the Washington National of Chicago with headquarters at Hampton.



## NEWS OF THE COMPANIES

### American Union Makes Gain

#### General Manager McCallum Reports Gain in Force in First Six Months

William McCallum, executive vice-president and general manager of the American Union Life of Muskogee, Okla., states that during the first six months the company shows a fine gain in insurance in force. The new business written was 28 percent greater in volume than for the entire year 1932. It has not borrowed from any source and it has met all its obligations from its own income. As of June 30 it shows assets \$83,053, capital \$29,036, net surplus \$26,257. Its assets gained 12.5 percent since Jan. 1. It is increasing its capital and is offering stock to policyholders. It now has about 1,500 stockholders located throughout Oklahoma, a large number being located in Muskogee. J. S. Berryman is president and general sales manager.

### Atlantic Life Shows Increase

RICHMOND, Aug. 10.—So far this year the paid business of the Atlantic Life each month has exceeded that of the preceding month. In addition to exceeding June business by a comfortable margin, July paid business showed an increase of 57 percent. Larry Schellhase, general agent at Cincinnati, was individual leader in paid business for July and the Atlantic Agency at Richmond set a new high record month.

### Asks Authority for Loan

LANSING, MICH., Aug. 10.—N. P. Hull, former president of the Grange Life of Lansing, which was taken over several years ago by the Michigan Life, Detroit, has filed a petition in circuit court here seeking authority to borrow \$10,000 for administration of a receivership for a portion of the company's assets. Mr. Hull was named receiver some

time ago to take charge of assets which were being liquidated for the benefit of stockholders, having been turned over by the Michigan Life as a portion of the purchase price. The effect of the depression made some of these assets materially less valuable than when the sale was negotiated and the complications arising made the receivership advisable.

The receiver would, according to his petition, obtain a loan, probably from the R. F. C. or a similar source, on the receivership's certificates and notes, secured by assets and income.

### New World Reports Gain

SEATTLE, WASH., Aug. 10.—Marked improvement in business is shown by the New World Life according to President John J. Cadigan. During the first 17 days of July policy loans and surrenders were 60 percent less and cash income was materially increased. Applications for new insurance were 20 percent ahead in July.

### New Company in Arkansas

The Southern Equitable Life Association, Warren, Ark., has been authorized by Commissioner Gentry to take applications for life insurance. Officers and directors are: J. B. Frazer, R. W. Fullerton, S. B. Fullerton, B. Ball and L. H. Derby.

### Washington National

The Washington National of Chicago shows in its June 30 semi-annual statement a net increase in paid for life insurance of 16 percent over the amount in force Dec. 31. Issued and paid for ordinary business was two and a half times greater the first six months than in the same period last year. There were received one and a half times as many ordinary life policies which had lapsed as in the corresponding period of 1932 and more ordinary life was written in July than in any month in the company's history.

## AS SEEN FROM CHICAGO

### LEGAL ADVERTISING PRACTICE

Insurance Director Palmer of Illinois notifies life companies that arrangements have been made with Springfield and Chicago dailies to publish the abstracts of annual financial statements at a cost of \$50 in Springfield and \$50 in Chicago. If the insurance department handles the work the service charge is \$5, making a total of \$105. If a company, however, desires to arrange for its own advertising it can do so but it must file with the department by Oct. 1, proper certificate showing that the publication has been made. Contrary to the practice in former years publication this year will be made in strict accordance with the law and the ruling of the attorney general, announces the superintendent.

### HOLD ANNUAL CONFERENCE

More than 30 agents in the Connecticut General agency in Chicago managed by F. H. Haviland enjoyed a three day outing and educational conference at Crystal Lake, Ill., with Mr. Haviland as host. George Capen, assistant superintendent of agents, and Stuart Smith, manager at Pittsburgh, were speakers.

### GIVE NO ENDORSEMENT

The directors of the Chicago Association of Life Underwriters decided not to endorse any candidate for president of the National association. The Chicago association will act as the official host this year at the annual convention

and it did not seem meet for it to take any part in the convention campaign. The delegates, therefore, are not instructed. They will caucus later on and decide whom they will support. C. F. Axelson of the Northwestern Mutual resigned as national committeeman and P. B. Hobbs of the Equitable of New York was elected in his place.

### PUTTING PEOPLE TO ACID TEST

Some Chicago general agents feel that this is the real testing time and if agents are not able to make good there is no need for further temporizing. Therefore, dead wood is being cut out of agencies and if necessary new men are put on who have the courage and determination to carry the gospel far and wide. Some general agents have found that some of the older men have not been able to adapt themselves to new conditions. Their minds are engrossed in the conditions of some years ago when the course was smooth. As new and more trying events transpired that militated against the sale of life insurance as it had been done in the past, some of these men were not able to make the grade. The moratorium floored a number. With the rapid change in conditions general agents find that it is necessary to get salesmen with an elastic mind, resourceful and determined, who will not be prostrated by any untoward contingency. They must have a chameleon like capacity to shift their arguments and methods to suit the times.

## Canada Life Assets United States Branch

For the protection of its United States Policyholders and Beneficiaries, the Canada Life holds on deposit in trust, with trustees in the United States, assets in excess of the reserve required to cover all liabilities to United States Policyholders and Beneficiaries. No security placed in this trust can be released without the consent of the Commissioner of Insurance for the State where our Chief Office in the United States is located.

It is today generally recognized that a broad distribution of the investments which underlie a life assurance Company's contracts is essential to its basic security.

Policyholders of the Canada Life have such security.

The assets for protection of United States policyholders are distributed as follows:

	% Total Ledges Assets
Cash, Government, Government Guaranteed and Municipal Bonds.....	28.29
Public Utility Bonds.....	34.24
Railway Bonds.....	2.25
Other Corporation Bonds.....	1.94
Preferred Stocks.....	8.07
Loans on Real Estate.....	9.60
Loans to Policyholders.....	15.61
	100.00%

as at Dec. 31, 1932

Total Assets in Excess of \$216,500,000.

## Canada Life Assurance Company

Established 1847

## GROWING UP FAST

America is growing up fast, says the statistician. More old people, fewer children, is the outlook. Increasingly, therefore, Fidelity's Income for Life plan will prove attractive. Increasingly, will there be a demand for its guaranteed life income.

### Fidelity Originated This Plan

The first "Income for Life" policy was written December 24, 1902, and each year since there has been a wider acceptance of its unique provisions. In addition, Fidelity provides a variety of policy forms to fit modern needs: Low Rate Life, Family Income, Disability—income and waiver of premium, accidental death benefits.

Send for booklet

"The Company Back of the Contract"

The FIDELITY MUTUAL LIFE  
INSURANCE COMPANY  
PHILADELPHIA  
WALTER LEMAR TALBOT, President

## Increase Your Income

by being able to offer

Protection for  
the whole family—

Juvenile Insurance

Family Income

Retirement Income

Annuities

Accident and Health

**The OLD LINE LIFE**  
**Insurance Company of America**

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ILLINOIS  
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MINNESOTA  
OHIO  
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TEXAS  
WASHINGTON

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## Business Builders

In the complete and varied assortment of selling helps provided by the Company, Guardian Fieldmen have found common sense solutions of many of today's production problems.

Originated and tested in the field, these new and unique business builders are helping Guardian Fieldmen to open the door to sales with marked frequency and regularity.

**THE GUARDIAN LIFE**  
ESTABLISHED 1860  
**INSURANCE COMPANY of AMERICA**  
50 UNION SQUARE • NEW YORK CITY

## LIFE AGENCY CHANGES

### Wilson Temporary Manager

Placed in Charge of State Mutual  
Agency in Chicago Following  
Wrenn's Death

Floyd Wilson, for a year assistant to the late Everts Wrenn, Chicago general agent of the State Mutual, has been appointed manager temporarily in charge of the agency following Mr. Wrenn's sudden death a week ago. Vice-president Stephen Ireland has been in Chicago several days making arrangement for the smooth functioning of the agency. He stated very probably no general agent will be appointed as successor to Mr. Wrenn for the present.

Mr. Wilson started with the Penn Mutual in Denver in 1924. After five years he became assistant manager of the Prudential's ordinary agency there, and then after a year director of agencies of the Capitol Life of Denver. He went to Chicago two years ago with the Wrenn agency. Prior to his life insurance experience he was for 12 years, starting at age 13, connected with the 'C. S. Lambie Construction Co., finally as general manager, secretary and treasurer. At night in his tent on the job he educated himself to qualify as an engineer, and later in the same way became a C. P. A., which profession he followed for two years.

### Leonard L. Lenz

D. C. Dickson, agency manager of the Equitable of New York in Cleveland has resigned. He is succeeded by Leonard L. Lenz. Mr. Lenz has been connected with the Equitable 11 years, for the last five as assistant agency manager in the W. L. Boyce agency, Syracuse, N. Y.

### G. J. Richards

G. J. Richards has been appointed Equitable of New York in Cleveland, Conn. He will operate for the Monarch in northern Connecticut. Mr. Richards served with the Aetna Life and one year was assistant manager for that company in Toronto.

### Harold F. Wooster

H. F. Wooster, who for the past year has been agency organizer for the Taylor Agency of the Mutual Life of New York has been appointed manager for the Fidelity Mutual Life in Albany. He entered insurance in 1931, following a number of years as vice-president of one of New York City's large chain

haberdashery companies. He attended Albany Academy and later completed his education at Williams College. His office is located at 1011-13 National Savings Bank building.

### W. B. West

W. B. West, who for several years was the leading producer of the Acacia Life at San Antonio, Tex., has been appointed manager of the San Antonio agency.

### H. D. Short

H. D. Short has been appointed divisional director of the Federal Reserve Life of Kansas City, Kan., with headquarters at Champaign, Ill., having jurisdiction over eight counties. He was formerly connected with the Farmers National Life and went with the Federal Reserve when it took over the former company. He has been postmaster of Coffeen, Ill., for the last 10 years.

### Dan Foley

Dan Foley, formerly manager for the Central States Life in Nebraska, has been appointed general agent at Lincoln, Neb., by the Continental Assurance of Chicago. Mr. Foley has had nearly 18 years life insurance experience.

### L. C. Saunders

The Ohio National Life has established an Oregon agency in the Mead building, Portland, with L. C. Saunders as general agent.

### Life Agency Notes

The Gary Underwriters Agency Company, Gary, Ind., a life general agency, has been incorporated by M. A. Page, F. C. Lee and F. C. Slisler.

George Neveau, who has been with the Southern Old Line Life of Dallas for several years, has been appointed district manager at San Antonio.

J. D. Wren, general agent of the Texas Life at Harlingen, Tex., and the leading producer of that company, has been appointed district manager of the Great American Life of San Antonio at Harlingen.

The Des Moines and Ottumwa, Ia., offices of the Pacific Mutual Life have been combined in Des Moines under management of Thomas O'Connor, general agent. Dr. M. B. Smith, who was in charge of the Ottumwa office, recently died. His sons, L. P. and Leland Smith, will be district manager in Ottumwa and Des Moines cashier, respectively.

## PACIFIC COAST AND MOUNTAIN

### L. F. Larson Reviews 30 Years

Oregon General Agent Completes Long  
Period of Service With North-  
western Mutual Life

Larry F. Larson, Oregon general agent, has recently completed 30 years of service with the Northwestern Mutual Life. He graduated from the School of Commerce, University of Illinois, and started with the Northwestern Mutual under Kimball & Norton, general agents in Chicago. After three months training, he was awarded a fellowship at the University of Illinois for further study of life insurance. While taking his graduate work he continued to sell insurance for the company and after receiving his master's degree in 1904, he was made special agent at Peoria, Ill. In 1916 he was appointed general agent at Kansas City, which

position he held until 1927, when he was assigned to Oregon.

Mr. Larson has written some of his recollections of his early days in a message to agents. When he started, he said the woods were full of fraternal and cooperative associations with premium rates of \$10 per thousand and the New York companies were offering gold bonds, seven year equalization and special forms of policies. Every third prospect, he said, held a broker's license with some company. Few persons had ever heard of the Northwestern Mutual.

Rebating was prevalent and many of the larger cases were practically given away. At that time \$150,000 annual production was considered large. Few people owned over \$25,000 of life insurance.

He went on to describe the situation in the panic of 1907-8, during the war years and in 1920, showing that the business has not offered an altogether



smooth road but he concluded with the statement that he is glad today that he stuck through all the hectic periods of the past 30 years.

### No Sales Tax on Insurance

SAN FRANCISCO, Aug. 10.—Inasmuch as the 2.6 percent gross premium tax, which has been in effect in California for approximately 20 years, is in lieu "of all other taxes and licenses, state, county and municipal, upon such companies or their property, except taxes upon their real estate," insurance will not be affected by the sales tax which took effect Aug. 1. As an "intangible," insurance is exempt from the sales tax and proceeds from insurance policies are exempt in the income tax, which is now under consideration by Governor Rolph.

### Walter Shepard Succeeds Everett

Walter T. Shepard succeeds H. G. Everett as general agent of the Lincoln National Life for southern California.

He has secured new and enlarged agency quarters in the Associated Realty building, Los Angeles, and will move the personnel, sales force and equipment of the agency, which was formerly in the Pacific National building, to the new location early this month. Mr. Everett plans to devote more time to personal affairs, but will maintain a connection with the agency.

The new agency arrangement is the result of the move announced by Mr. Shepard early in June. In order to retain his health, he was forced to resign as vice-president of the Lincoln National and move to a different climate.

### Takes Over Mountain Business

The Pacific Northwest Life of Great Falls, Mont., reinsured the Montana business of the Pacific States Life, amounting to about \$1,000,000. This business was taken over in 1929 from the Lewis & Clark Life, which was in business at that time. This gives the Pacific Northwest Life about \$1,400,000 of life insurance in force.

## NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

### Three Companies Raise Scale

New York Life, Aetna and Penn Mutual Increase Rates on Single Premium Annuities

The New York Life, Aetna and Penn Mutual have announced increased rates for single premium annuities. The rates quoted are identical with the scale employed by the Equitable of New York.

### MUTUAL BENEFIT'S ADVANCE

The Mutual Benefit has issued new annuity rates, effective Aug. 9, which are higher than the previous rates. Under the new rates the price of an annuity of \$100 annually is \$1,182.76 for men at age 60. The rates for women are the same as for men four years younger.

### Massachusetts Mutual Scale for Life Annuities Is Given

The new annuity rates of the Massachusetts Mutual which go in force Sept. 1 are on the same scale as the new rates of the Equitable of New York which are being used by many companies.

The difference in annual income paid under contracts at the new rate will be considerable. On the single premium life annuity, \$10,000 on male lives will

produce \$810.70 annual income and at the new rate, \$760.40, a difference of \$50.30. An illustration at quinquennial ages of the old and new rates, and the difference in annual income, is:

Age	Present Annual Income	New Annual Income	Differ. in Annual Income
55.....	\$10.70	\$760.40	\$50.30
60.....	925.70	867.20	58.50
65.....	1,080.20	1,010.10	70.10
70.....	1,290.10	1,203.80	86.30
75.....	1,578.90	1,469.70	109.20
80.....	1,981.90	1,839.50	142.40
85.....	2,552.60	2,361.80	190.80

## ASSOCIATIONS

### New Executive Committee Members in San Francisco

SAN FRANCISCO, Aug. 10.—F. C. Whatley, general agent Aetna Life; C. C. Mason, manager Acacia Mutual Life, and H. V. Montgomery, associate general agent State Mutual Life, have been appointed members of the executive committee of the San Francisco Life Underwriters Association to fill vacancies.

President J. A. Sullivan and P. G. Young, first vice-president and chairman of the membership committee, are working on plans for a further increase in the ranks of the association. Paid membership now stands at 444.

M. L. Fairchild, second vice-president and chairman of the program committee, is completing plans for an early morning meeting Aug. 16 when Dr. S. S. Huebner will be the principal speaker. All members of the San Francisco and adjoining associations are to be admitted without charge but non-members are to be charged an admission fee. Dr. Huebner will address a special meeting of the Commonwealth Club in San Francisco at noon, Aug. 15. This address is to be broadcast as far east as Denver and local associations throughout the territory are planning meetings for the purpose of listening in.

\* \* \*

Austin, Tex.—J. L. Lawrence, assistant Texas general agent of the Lincoln National Life, San Antonio, spoke on "Standardized Selling and Time Control."

\* \* \*

Chicago—Committees appointed by directors of the Chicago association are: Finance, Frederick Bruchholz, agency director, New York Life; membership, P.

# Reciprocity!

PHYSICIANS and Mothers know full well that the "Second Summer" is the crucial period in an infant's development.

Conscientious life underwriters know equally well that the second year is the "Second Summer," the danger period in the history of the average policy.

If the agent and his company wish to cling to as many policyholders as possible through the first two precarious years, the best way to assure results is by *Adequate Compensation* for the winning of the first renewal premium. In other words, when the company makes *Renewal Pay Well*—as it logically should—there is greater satisfaction and service to client, agent and company.

## AMERICAN CENTRAL LIFE INSURANCE COMPANY INDIANAPOLIS, IND.



## Increase Your Income Make It More Secure

One of the soundest investment rules is that increasing the yield decreases the safety. If the main consideration is the return during the owner's lifetime, this rule does not hold in the case of a life annuity.

Agents who sell life annuities to those whose needs they meet build up a particularly far reaching goodwill.

Evidence of this may be found in our new booklet of letters from Connecticut General annuitants.

Connecticut General Life Insurance Company Hartford, Conn.

## LIVING TRUSTS

By Gilbert T. Stephenson

### COVERS

Living trusts as business enterprises, purposes served by living trusts, by life insurance trusts; legal aspects, tax features, forms of trust agreements, forms of living trust agreements, and forms of funded and unfunded life insurance trust agreements.

Order from

The National Underwriter, 175 W. Jackson Blvd., Chicago.

Price \$3.75 Postpaid

## HOW TO START AN UPTURN

Take a policy the toughest prospect cannot resist. Add it to an enthusiastic agency force. Stir well and watch for results. And what results! Business paid for in May and June increased 90% over May and June of 1932. Credit the new low-first-cost ordinary life policy with a large share in the upturn.

## THE MUTUAL BENEFIT

LIFE INSURANCE COMPANY • NEWARK, NEW JERSEY.

# THEY'LL HELP YOU

This is one of the 12 attractive pictures from the National Underwriter Life Insurance Calendar for 1934. Send 10 cents for complete sample.



National Underwriter Life Insurance Calendars have 12 sheets—one for each month—with a different attractive picture on each sheet.

It is pictures like these that get under your prospect's skin and get him to buy more life insurance. Your advertisement and 12 different attractive life insurance pictures on a 1934 National Underwriter Life Insurance Calendar will aid you materially in getting more "apps." Send 10c for sample. National Underwriter, A-1946 Insurance Exchange, Chicago.

B. Hobbs, agency manager, Equitable of New York; speakers, J. R. Hastie, associate manager, Mutual of New York; editor "Life Values," P. G. Dallwig, associate manager, New England Mutual; educational, H. W. Anderson, manager life department, Rockwood Company; legislation, C. P. Stumes, general agent, Penn Mutual; business practice, Walt Tower, managing director, Chicago association; life trust round table, R. L. Davis, Union Central; advertising, Walter N. Hiller, Penn Mutual; music and entertainment, George Unger, associate agency manager, Equitable of New York;

greeters, C. T. Milner, manager, Great West; by-laws, L. E. Weil, Northwestern Mutual. Mr. Hobbs was appointed to fill the unexpired term of C. F. Axelsson, Northwestern Mutual, as national committeeman.

\* \* \*

**Ohio**—The Ohio association is arranging for a series of meetings from Oct. 1 to Nov. 5, to be held over the state, sponsored by local associations and women's clubs, to be addressed by Miss Mary Sue Wigley on "Forward Planning" and "Homemade Character."

## AS SEEN FROM NEW YORK

By R. B. MITCHELL

### McNAMARA'S C. L. U. MEN

The C. L. U. degree has been granted to four more members of the J. C. McNamara agency of the Travelers in New York City as a result of the recent examinations. This brings the agency's total to 15, which is believed to constitute a countrywide record for any agency. The previous total of 11 C. L. U.s stood as the high mark for a single office until the new record was set. The four who received the designation were the only ones entered in the final examinations, giving the agency a 100 percent record in passing the tests.

Those who received the designation are A. McDonough, captain in the New York national guard, graduate of Georgetown university, who entered the life insurance business in 1931 and is specializing in retirement annuity cases; F. M. Minninger, an alumnus of Columbia University, formerly in the silk business, who entered life insurance in 1929 and paid for \$730,000 on 98 lives his first year, with no case exceeding \$50,000; Wilfred Simeral, University of Pennsylvania graduate, who entered life insurance in 1929 after two years in the printing business; Ivan Spring, Syracuse graduate and formerly in the claim audit department of the Travelers, who joined the McNamara agency in 1929 and is now a brokerage supervisor.

\* \* \*

### LIFE COMPANIES NOT AFFECTED

The mortgage moratorium legislation asked by Governor Lehman of the New York legislature, now in emergency session, would affect life companies only slightly, as the general practice of these companies in times like the present is to extend to borrowers much more leniency than the measures asked by the governor would grant. The moratorium proposed by Mr. Lehman would extend until May 1, 1934. It would apply only to defaults in payment of principal where taxes and interest payments had been kept up.

\* \* \*

### LIFE INSURANCE EXEMPTED

The "Estate & Tax News" says: "A judgment creditor of an insured who tried to reach dividends on an insured's policy in the hands of an insurance company, found that in New York State a very liberal construction is placed on the statute which protects beneficiaries of insurance from the claims of creditors. (Randik Realty Corp. vs. Moseyeff, 263 N. Y. S. 440.) The law in question provides that creditors of an insured have no claims against the proceeds and avails of insurance that is payable to a named beneficiary, except to the extent of premiums paid in defraud of creditors. This

question arose, does that immunity extend to dividends on the policy which the insured has elected to apply to premiums due? The court decided that in order for the dividends to belong to the insured and thus become subject to claims of creditors, the insured must first elect to receive the dividends in cash. If he elects to apply them to the payment of premiums due, as the insured did in the case under discussion, the dividends, continue to be part of the proceeds and avails of the policy, inuring to the benefit of the beneficiary, and are exempt from any claims by the creditors of the insured.

"In almost all the states some form of provision will be found under which the named beneficiaries of insurance, especially a wife and children of the insured, are exempt from the claims of creditors of the insured. And it may also be said that such statutes have frequently been liberally construed."

\* \* \*

### EDUCATIONAL FUND DECISION

An interesting case has been decided by the New Jersey court of errors and appeals in McLaughlin vs. Equitable Life of New York. A life policy contained an "educational fund agreement." The proceeds were to be held until the assured's son reached 18, when they were to be paid in installments over a period of four years. The court holds that the policy cannot be changed by a court to make the proceeds available immediately on the death of the assured.

The vice chancellor in the lower court had directed the company to pay the guardian \$25 a week from \$2,000 held by the company until further order of the court. His conclusions, according to the court, were based on the supposition that the fund was a trust and on what the father would have done under the circumstances if he were alive. No other estate was left by the policyholder.

The court held that the policy was a contract and under its terms the company was bound to carry out its provisions. The educational fund, the court stated, "did not become a trust fund until it was paid over by the insurance company under the terms of the contract of insurance to the trustee and this was not to take place until the beneficiary arrived at the age of 18 years, when it should be paid in installments covering a period of four years."

### Mutual Benefit Report

July paid business of the Mutual Benefit was more than \$23,000,000 as compared with \$11,000,000 the same month last year. Fifty-five agencies gained over July, 1932.

### NEW YORK and OHIO OPENINGS



### BUFFALO MUTUAL LIFE INSURANCE COMPANY

For 61 years we have furnished Life Insurance at the lowest possible cost.

An expansion program makes available desirable openings for aggressive Agents. Write in detail and confidence to: E. PARKER WAGGONER, Supt. of Agents.



## Riehle Is Choice of Advisory Body

(CONTINUED FROM PAGE 1)

excellently association work entrusted to his care."

Then a discussion followed as to whether a slate of officers should be named and the committee decided to do so, one for each office. Having decided to submit one slate the committee agreed Mr. Riehle should be nominated for president because he had received the greater number of endorsements from local associations and that Mr. Anderson should be recommended for reelection as vice-president.

In addition to Mr. Fischer the advisory committee consists of A. O. Eliason, Minnesota Mutual, St. Paul; Ernest Owen; V. E. Beamer, Equitable Life of New York, Jacksonville, Fla., and C. D. Connell, Provident Mutual Life, New York City.

Mr. Riehle is at present first vice-president of the National association. Some observers feel that the endorsement of Mr. Riehle at a special meeting of the New York City Life Underwriters Association clinched the advisory nomination for him. The directors of the association earlier had declined to take such action.

At present Mr. Holman is second vice-president; Mr. Schriver third vice-president; Mr. Patterson fourth; John W. Yates, Massachusetts Mutual, Los Angeles, secretary, and Mr. Jones, treasurer.

The advisory committee states in the message to President Thompson:

"In presenting this report to you the committee wishes to state that it has assumed the availability of these recommended candidates on the basis of their direct or implied expression of willingness to serve as officers of the National association without reference as to whether or not they may be willing to serve in the office for which we have recommended them; in other words, we have not asked them whether or not they would accept nomination for the specific offices proposed."

### FROM ANDERSON MEN

The Anderson for president committee headed by Ray Hodges of Cincinnati has mailed a statement to the officers of all local associations. It reads in part as follows:

"As the letter from the advisory nominating committee to President Thompson has been released for publication, we deem it advisable to inform you regarding certain established facts which we, Mr. Anderson's committee, assume were not in the hands of the advisory nominating committee at the time the report was made.

"You will notice in the report of the advisory nominating committee to President Thompson, the following statements:

"It was found that of the 97 associations endorsing for president, 55 favored Theodore Riehle, and 42 favored C. Vivian Anderson."

"The committee then listed the active membership as of June 30, 1933, in all associations, and found that associations representing 10,885 members made no recommendations for president; that the 42 associations favoring Mr. Anderson had a membership of 3,729, that the 55 associations favoring Mr. Riehle had a membership of 4,131."

"In view of the foregoing quoted excerpts taken from the report in question, we respectfully submit the following statement of facts: On July 29 we had received official written endorsements from a larger number of associations than the 55 endorsing Mr. Riehle, the official membership of such associations endorsing Mr. Anderson being far in excess of 4,131. Thus, it is apparent that the advisory nominating committee

at the time of its action did not have in its hands all of the official endorsements previously transmitted to Mr. Anderson's committee. It is therefore obvious that the incomplete tabulations considered by the advisory nominating committee, and upon which their action was based, are not conclusive nor do they necessarily reflect the majority sentiment of the membership comprising the National Association of Life Underwriters.

"You will observe by reading the report of the advisory nominating committee, that this committee endorsed both candidates for the presidency in so far as their capabilities, accomplishments, and services to the National association are concerned.

"The letters and official endorsements from local associations in the hands of Mr. Anderson's committee, indicate very clearly that there is a large number in the association who strongly favor him for the presidency this year. Nevertheless, both Mr. Anderson and his committee feel that the welfare of the National association far outweighs any other consideration. Therefore, neither Mr. Anderson nor his committee will do anything to disturb the unity and spirit of cooperation now existing.

"It is for the majority of the association membership to determine whether or not its best interests will be promoted by his election to the presidency."

### Daily Newspapers Give Much Space to Payments

(CONTINUED FROM PAGE 1)

great many years. They have paid their policyholders or their estates all claims that have been just. They paid in 1932, it is to be noted, more than they did in 1931 by a great deal. This was due to several facts, but the great fact is that they paid.

"Disbursements to all beneficiaries of life insurance policyholders in this country and Canada in 1932 reached the staggering total of \$4,010,817,751. Consider that this is for a single year and that it represents only a small percentage of the assets of those colossal banks—for they may be called that without much stretching of the truth—and you will see how vital they are in the affairs of mankind. It is impossible to conceive of a civilization without them. It is comforting to remember also that the United States is the most insured country in the world, even on a comparative basis of population. . . ."

#### "Bulwark of Confidence"

"The life insurance companies have been a bulwark of public confidence in all the troubled times of the last four years. It is a high tribute to the excellence of their management, plus the wisdom of state laws, that the feeling of the people has been in nowise weakened in respect to them, when almost every other human financial agency, save only the savings banks, perhaps, has suffered severely. For millions and millions of Americans their insurance policies are their most cherished possessions to be maintained intact come what may."

The Joliet, Ill., "Herald News" says: "Insurance has made an enviable record, and its annual disbursements of billions of dollars have taken the sting out of the depression for hundreds of thousands."

The Hoboken, N. J., "Observer" says: "The statistics for the entire country present staggering totals. They provide food for thought, especially in these times when we find estates composed of stocks and bonds shrinking to almost unbelievable figures. The life insurance business thus writes its own best advertisement."

In an editorial based on the \$4,000,000,000 in life payments, the Racine, Wis., "Journal-Times" says: "Our people believe in life insurance and propaganda no longer is required in order to



## 180 MILLIONS paid to BENEFICIARIES

Since organization, in 1879, this Company has paid a total of \$180,555,012.46 to the beneficiaries of Bankers Life policies.

Payments to beneficiaries in 1932, alone, aggregated \$10,324,123.57.

### BANKERS LIFE COMPANY

Gerard S. Nollen, President

Established 1879

DES MOINES, IOWA

### THE HOME LIFE INSURANCE COMPANY OF AMERICA

#### PROTECTS THE ENTIRE FAMILY

Home Life Agents are equipped to serve every need for protection. Modern policies are issued on both Industrial and Ordinary plans from birth to Age 65 next birthday. The Home Life sales-kit means a whole family of potential policyholders back of every door-bell.

There Is a Home Life Policy for Every Purse and Purpose

OVER ONE HUNDRED MILLIONS IN FORCE  
INDEPENDENCE SQUARE PHILADELPHIA, PA.  
(INTERESTED IN REPLIES FROM PENNSYLVANIA AND DELAWARE)

Send 9 cents in stamps for sample copy of

### THE ACCIDENT & HEALTH REVIEW

The only exclusive accident and health paper published. It gives ideas and suggestions that help you sell income protection insurance. Address your inquiry to A-1946, Insurance Exchange, Chicago

## A Policyholder's Company

Mutual Trust is just what its name implies. This means, of course, that it is not only a policyholder's Company but a Company that attracts and holds the very best class of agents. The seeming threefold relationship of Company — Policyholder — Agent is in actual fact a complete unity because agents are usually policyholders and policyholders ARE the Company.

### MUTUAL TRUST

LIFE INSURANCE COMPANY

EDWIN A. GLENN  
PRESIDENT



CHICAGO  
ILLINOIS

"AS FAITHFUL AS OLD FAITHFUL"

**"I sold two prospects \$12,000 of insurance and have three very good ones for several thousand more business."**

**"My first list produced \$8,500 of business on four applications."**

..... these excerpts from letters from our agents indicate the effectiveness of Security Mutual's new direct mail advertising and sales program, available to all agents.

Write for territory now open to capable men who are willing to adopt new and effective methods that produce results.

## Security Mutual Life Insurance Company

BINGHAMTON, N.Y.

persuade them to invest in it as an indispensable security of the present and future. The system has been developed in recent years to such an extent that almost any type of policy desired may be obtained. The life insurance companies stay ahead of the times."

The Kenosha (Wis.) "News" carried an editorial, "Has Helped Kenosha," commenting upon the payments. "In Kenosha," it said, "the death payments during the year totaled \$489,000; this in itself has been a great stabilizing act in the economic life of those families affected and indirectly to the entire community."

## New Agents Take Part in Program

(CONTINUED FROM PAGE 4)

stood they would be approached on the subject of life insurance.

Mr. Hammer expressed belief that the most promising possibilities for quick business and profits this year are in the use of direct mail. He said companies and agents have been forced back to fundamentals. Agents are more selective in their prospecting. Direct mail is of great assistance in this effort. Success in direct mail depends on careful thought in selecting the mailing list. Such a program enables the agent to personalize his message.

In Jasper county, Ala., 212 names were circularized and there were 43 returns giving date of birth. The result was \$22,500 insurance sold on 35 calls. In the family income letter a fine engraving of President Roosevelt is offered. Prepared sales talks have been drafted to be used prefatory to delivering the address book or picture.

### President Clabaugh Present

President S. F. Clabaugh took an active part in the meetings, presiding at the group breakfasts and commenting from time to time during the program. In his annual talk at the banquet Tuesday he expressed confidence that general conditions and life insurance sales will be well along toward normalcy as the year progresses. He told details of the company's operations and showed its strong position. He complimented the field force on the work done.

At the dinner Vice President Matta introduced all present in a sparkling way. President Johnson of the agents club presided. Brief remarks were made by J. R. Hann of the Otis Hann Co. of Chicago and C. M. Cartwright of THE NATIONAL UNDERWRITER.

A. G. Young, manager at Fort Worth for only a short time and who formerly for 22 years was manager there for Dun & Bradstreet, in the general sessions gave some observations on new men entering the business. He has done unusually well in life insurance.

## Present Day Life Insurance Selling Discussed by Davis

(CONTINUED FROM PAGE 5)

have been using this alibi when in fact they have savings which could be profitably applied in building up a life insurance estate.

Life insurance has kept pace with the growth of the nation, Mr. Davis said. It is been made adaptable to the changing needs of the population. Flexible contracts are written with much liberalized provisions and emphasis on living benefits. The public is becoming aware of the many benefits of life insurance and has become life insurance conscious.

### Great Educational Movement

As for life agents, many of them have adopted new methods. The depression released an army of capable men and women, plenty of whom have been attracted to life insurance. The educational efforts in the life insurance business have undergone a great growth. Mr. Davis pointed to the work of the American College of Life Underwriters

and of universities and colleges having fine life insurance courses. Most companies are bending every effort to make their educational program and material effective and a great many agencies are carrying on the work through regular classes of new agents, special effort with older agents, and even schools of a week or more duration held annually or more frequently.

The present day problems are the pyramiding of life insurance up to 1929, the depression and the public attitude on investments, shrinkage of estates, the life policy moratorium with its accompanying effect on the public mind, rehabilitation of property and human life values and the sales methods which should be employed in the light of modern conditions.

### Confidence Important Factor

An important factor is confidence of the agent in his business, his knowledge of life insurance and his ability to sell it. This attitude grows from a more simplified sales method which has come into use recently. Mr. Davis urged agents to talk the language of the prospect, interest him in the end and the means employed to attain it in education of his children, lifting the mortgage on home or farm, his safety in old age and protection of the family.

Mr. Davis gave tests by which one may measure the worth of life insurance and his fitness for it. First, he said, one's work must have a noble purpose. The agent should ask himself whether he has "received a call," whether he is interested in preservation of the family, the basis of his social structure, and an unselfish devotion to the well being of humanity.

Second, Mr. Davis said, one's work must involve scientific principles. He pointed out life insurance is based on mathematics, the contracts are adaptable to changing needs and investment in it is safe and secure.

Third, one's work must render a service. He pointed out life insurance is a benefit to assured and beneficiary alike. Finally, he said the work demands loyalty to the agent and his family, to the company and to the institution itself.

## Reeder with Country Life

Howard Reeder, formerly actuary for the Royal Union, has become associated with the Country Life of Chicago as a full time actuary. Mr. Reeder is a graduate of Iowa State University and was connected with the Royal Union for the past five years. L. A. Glover, consulting actuary of Chicago, will be retained by the company on the same consulting basis as previously.

## \$1,000 to \$1,600

Ordinary Life Insurance at An Average Cost GUARANTEED OF ONLY \$14.00 per \$1,000

Of Course Issued in Larger Amounts

**All Premiums Returned** in addition to face of policy in event death before age 60

**FULL FACE THEREAFTER** AND PREMIUM REDUCED 20%

### Example

Original cost, age 30, \$21.40 per \$1,000 to age 50; \$17.19 per \$1,000 thereafter.

If you reside in Ohio, Illinois, Indiana, Kentucky, Pennsylvania, Tennessee, West Virginia or the District of Columbia,

Write for Samples and Particulars

This is one of the many unique contracts issued by

**Federal Union Life**

FRANK M. PETERS, President  
CINCINNATI, OHIO



# AGENCY MANAGEMENT

## Wrong Mental Attitude, Not Lack of Ability, Hinders New Managers

NEW YORK, Aug. 10.—When a new manager or general agent fails to make good even though backed by a successful record as assistant manager or agency supervisor, the most frequent cause is a new and erroneous mental attitude, rather than any real lack of ability to fill the more responsible post, an agency executive of a prominent company says. This attitude is rarely the result of a "swelled head" at being elevated to new prominence, he states, but is usually an honest mistake in judgment, due to failure to realize that the new job is essentially the same as the old one, only more demanding. New responsibilities are added but none of the old ones are taken away or lessened.

### Seek to Become Executives

"Where many new agency heads fall down is in trying to confine themselves to executive duties too early in the game," this official says. "That is a goal that can only be realized after a

smoothly operating corps of assistants has been built up.

"Our most successful new managers are those who think and act just the same as when they were assistant managers. They are making just as many joint calls with agents on cases as they did when they were assistant managers, and they make just as many calls with a view to getting new men into the agency as they did before.

### Danger of Overrating

"The temptation is for the new agency head to feel that he has stepped over the line and is now in a different category. He is in danger of overrating the significance of the new designation. He begins traveling in a circle of new friends, other general agents in the same city. He joins associations of managers and general agents. If he isn't careful he runs a good chance of forgetting that his job is still basically the same as it was when he was a successful assistant.

## Drive on "Aid Societies" Is Started in Baltimore

BALTIMORE, Aug. 10.—Operations of "aid societies" have become so wide in Maryland and particularly in this city that the Baltimore Better Business Bureau has been asked by the insurance department to take steps to protect the public. H. A. Joyce, Jr., deputy commissioner, said:

"This department has been flooded with inquiries and complaints from citizens of this state with reference to the activities of a class of companies calling themselves 'non-profit, mutual assessment companies,' issuing contracts for the payment of certain specified sums of money upon the death of a member. In their literature these companies claim they are not insurance companies and are not subject to the jurisdiction of the states where they operate. This is an incorrect statement. These companies are insurance companies, and have been declared to be such in opinions rendered various insurance departments by the attorney generals of a number of states.

"This department has notified companies of this class that it has knowledge they are operating in violation of the laws of this state, and that any person attempting to solicit or deliver their contracts in this state would be guilty of a misdemeanor and subject to prosecution. These companies have either ignored our communications or else they have openly defied us. Our investigation conducted through the insurance departments of the home states of these companies satisfies us that these companies, without exception, have no financial standing, but are fraudulent in their intent and purpose, and their operations in this state are deemed by this department to be fraud upon the public."

### Opens Cincinnati Branch

The Buffalo Mutual Life has opened a branch office in Cincinnati under the direction of Manager H. E. Harner at 812 Atlas Bank building. Mr. Harner reports a 300 percent increase in paid-for business during July as compared with the June and for the first week in August the office wrote more business than in July. C. B. Lawton, former district manager Mutual Life of New York, is assistant manager.

## Women's Fraternal Gives Views on Cash Loan Issue

The reaction of the Woman's Benefit Association of Port Huron, Mich., a large women's fraternal, to the cash surrender value and policy loan problem, presents an interesting point of view. The statement is made that insurance should provide protection. It should be placed beyond the temptation of borrowing on it. "Those who take it out unselfishly for the protection of loved ones will be glad that government authority is protecting those who are dependent on it," the fraternal states.

The Woman's Benefit Association states that when the need for cash loans and cash values is greatest is during times of stress and yet it has been during these times that the benefits have been denied the insured because the demands have been so unreasonably great.

The Woman's Benefit Association has never provided cash surrender or cash loan values. The average member, the fraternal states, buys protection to provide for the family in the event of death or to provide for burial expenses. Occasionally a member may desire to accumulate a certain sum by a certain date or else provide for a monthly income during the latter years. In this event, endowment or annuity plans are taken. Under these contracts, the association knows exactly when it will be required to pay out money and can prepare for it. This cannot be done, the fraternal states, where cash loan or surrender values are granted, for there is no way of determining what the demand for them will be.

### Better Feeling Noted

The general feeling among general agencies in Chicago is that business has improved. There is a far better spirit among the people. They have largely gotten over their prejudice on account of the moratorium and they are recognizing the fact that life companies deserve much credit for the way they are carrying through. Many people have been willing to buy insurance but have not had the money. Some lines of business show more activity. A number of persons have made money on the stock exchange and board of trade. Agents report that some cases have been hanging fire have been closed.



## PURE PROTECTION LIFE INSURANCE

Estimated Average Annual Cost for Whole Life Policy over Period of Twenty Years based on Actual Experience Past Ten Years.

Age 35—\$15.38

Per \$1,000 of insurance  
Reduced to this figure by an earned dividend.

No Cash Demand Liabilities  
except advance premium payments

Excellent Opportunity for Salesmen  
Operating in Illinois, Michigan, Indiana and Missouri.

## INTERSTATE RESERVE LIFE INSURANCE COMPANY

Mutual Legal Reserve Life Insurance  
Ten East Pearson Street CHICAGO Phone Superior 1714

## Managers Wanted

in  
INDIANA  
IOWA  
ILLINOIS

Some other territory available.  
An Unusual Contract for an Unusual Organizer.

### COMPANY HAS

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COLUMBUS, OHIO

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President

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**COMMONWEALTH  
LIFE INSURANCE CO.  
LOUISVILLE, KY.**

## Impressions Gained by a Reporter in the Field

By RALPH E. RICHMAN

HARTFORD, Aug. 10.—Life insurance men say that the feeling of optimism about the future which has been sweeping the country has already had a beneficial result for them. A few weeks ago a most difficult part of the selling process was to get even a serious hearing. The prospect assumed an air of being aggrieved to have anyone approach him suggesting a commitment for the future. In any life insurance office with men known to be keen observers and resourceful initiators, the new public attitude is being put to immediate use. The interviewer leads off with the question, "Where do you think we're going now?" The almost invariable response is that we are now headed for a return to better times though there may be some immediately bumpy highway in the first miles ahead. The agent questions this feeling of optimism with the result that there is a further emphatic declaration that the worst is over. In this way, the agent at once leads the prospect himself to brush aside what has been a chief obstacle to getting under way in the past.

\*\*\*

### EFFECT OF LOAN RULINGS SLIGHT

It is the habit of company executives and general agents who live in large cities and who read the financial pages of the metropolitan dailies to conclude that the knowledge to be gained from them is the possession of all throughout the country. Yet in the smaller towns and cities, many of the editors passed over the insurance commissioners' rulings on granting policy loans and

on declaring dividends. In some states the superintendents' rulings clearly said that "no dividends are to be declared," while the loan restriction is effective. Yet, even the metropolitan dailies in their interpretative statement said that dividends were not to be "paid." So that the information which does get into the press is frequently in error.

It is probably a mistake to believe that the great mass of policyholders have been influenced by the loan restriction to a marked degree. Of course, the more active business men know what has been going on but the "people" do not follow these financial terms. They were all influenced directly by the banking holiday but a great percentage of them will probably never feel directly any immediate effects of the rulings of the insurance commissioners.

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### GOOD EYE FOR BUSINESS

One of the most intelligent accident and health agents met recently was the proprietor of a drug store. Everybody in his community knows he sells this insurance. He talks it to his customers when they come in though he does not make himself a soliciting bore. He knows how to solicit the business. He understands its finer points. He knows how to make the most of claim payments. It is a good guess that he is making more money out of his insurance business today than he is out of his drug store. In this particular small town, he was certainly the best equipped accident and health man.

## Explanation as to Annuity Reserves

A subscriber to THE NATIONAL UNDERWRITER makes an inquiry regarding the annuity gain and loss figures which appeared in this paper recently. He questioned how gain and loss on annuity investments were figured. The compiler made the following reply:

"Since the gain or loss from investment on annuities is lumped with the life reserves in the gain and loss exhibit in the annual statement, it was necessary to determine the excess interest earned on each class of annuity reserve. I did this by taking the company's net interest rate and subtracting therefrom the interest rate of each class of annuities and multiplying the result so obtained by the reserve held on this basis. The sum of the excess interest earnings on the various annuity bases I used as the investment gain from annuities.

"As the footnote to the table states, the figures are based on annuity reserves held at the close of 1932 and therefore do not take into account changes in the reserve during that year. I realized that it would be more accurate to use some sort of average of the annuity reserve for the year rather than

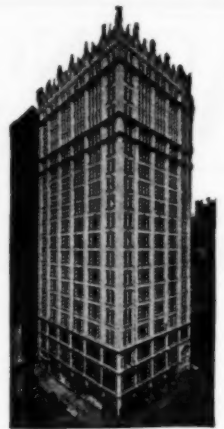
take each year end figures. At the same time, it seemed that in spite of the large increase in annuities during 1932, the previous reserves in force were so large that the increase during 1932 would not introduce a very large error.

"Since this tabulation appeared in THE NATIONAL UNDERWRITER an actuary gave me an interesting angle on the apparently favorable experience which most companies seem to have had with annuities. I was interested in knowing why, in the face of these figures, there is so much discussion about the advisability of raising annuity rates. He explained that with the prospect of lower interest returns, and losses through bond defaults and selling foreclosed properties at a loss, the contribution to surplus made by excess interest earnings on annuity reserves might be insufficient to offset the investment losses on annuity reserves."

### New Policy Popular

The Columbian Mutual Life's new "perfect protection" accident policy is meeting with great popularity and has produced much new business, according to President L. T. Binford.

"Monthly Income and How to Write It," by Harry McNamer. Covers the general needs of this kind of protection, \$2. The National Underwriter.



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# Answers to C. L. U. Degree Examination

**NOTE:** The accompanying answers to questions which were given in the June, 1933, C. L. U. examinations form a composite set made up from the replies of various candidates. This set does not purport to show perfect answers to each question, nor to indicate that the answers presented were the best which appeared on any paper, but rather to give representative answers.

## LIFE INSURANCE FUNDAMENTALS

### (a) Economics of Life Insurance

#### Question No. 1

Distinguish carefully between "saving" and "investment." Excluding all consideration of investment, and confining yourself solely to "saving," present four distinct services of life insurance.

#### Answer to Question 1

(a) Saving is a form of thrift. It refers to the process of taking from current income a certain portion of that income and laying it aside. The purpose of saving is to accumulate funds for use in the future, that is, (1) to provide an emergency fund in case of unemployment or illness, (2) to provide a retirement fund in old age when the earning capacity is depleted, or (3) to provide a fund to meet some specific obligation such as education of one's children or repayment of a mortgage or debt. Many other reasons for accumulating a surplus might be set forth, but the above are sufficiently illustrative. The purpose of the saver must be strong enough to actuate him to save in spite of the sacrifice of use of current income which it entails. The saver is primarily interested

in accumulation. The question of interest return on the amount saved is not an essential element of the saving plan. In fact, the "hoarder" in hiding away a part of his current income is a "saver."

Investment, on the other hand, contemplates the utilization of accumulated funds in some productive manner. The purpose of the investor is to secure an income in return for the use of his capital. The fund for investment may have been accumulated by regular and systematic saving or it may have been acquired by the investor through inheritance or gift without involving sacrifice on his part. In general, however, saving is the forerunner of investment.

\* \* \*

To the investor, the rate of return is a most important factor. He desires as large a return as possible consistent with the safety of his principal. Return varies with the degree of safety and the investor must consider how great a risk he is willing to bear in the use of his funds. He is also interested in the marketability of his investment, its stability of value, its exemption from taxation, its regularity of return and the many other attributes of a sound investment.

In short, saving represents the accumulation of funds over a period of time out of current income while investment represents the productive utilization of already accumulated funds.

(b) Four services of life insurance with respect to saving:

(1) Life insurance, by reason of the fact that it can be paid for in annual installments, satisfies one of the most important conditions of a successful saving program—that is, that the saving from current income be regular and systematic. The life insurance contract offers this feature and in addition provides a most convenient system. Uniform an-

nual, semi-annual, or quarterly payment can be arranged in amounts best suited to the needs and desires of the individual adopting the plan.

(2) Life insurance offers the saver a mild compulsion in the matter of continuing his saving plan. Premium notices from the company and personal calls by the agent constantly remind him of his intention to save and the reasons for his saving are kept fresh in his mind. The savings plan is associated with protection, usually for his family, and he is loath to relinquish this protection except as a last resort. These factors help to overcome the inherent inertia which most people have in following through on any savings plan.

(3) Life insurance guarantees the entire completion of his intended saving plan in the event that premature death or disability prevents him from completing it otherwise. In other words, as soon as one enters into a life insurance contract he has set up a potential estate of the amount he intends to save. If he lives and continues to save, the entire fund will be accumulated. If his saving period is cut short by disability, his savings are continued for him. If his saving period is cut short by death, his estate or his heirs are guaranteed the amount he intended to save. No other plan of saving offers this feature.

(4) Life insurance permits the saving period to be spread throughout the whole lifetime of the saver or to be condensed into a relatively short period of time. Saving requires time and the longer the range of the saving program the greater the goal which may be set up. Life insurance provides an ideal long term saving program.

#### Question 2

During the present depression it has been common to hear platform speakers

emphasize the view that "the fundamental purpose of life insurance after all is 'death protection' and it is more and more essential for the life insurance business to get back to that view." Do you agree? Discuss and give your reasons.

#### Answer to Question 2

That one of the fundamental purposes of life insurance is to provide protection against the financial loss occasioned by death is not to be denied. But to agree with the implication that life insurance is only "death protection" is to deny the very meaning of the term "life" insurance and to discount all of the tremendous strides forward of the past few decades. Without minimizing the importance of protection against loss of the economic value of the human life through premature death, it can be said that it is also the proper function of life insurance to provide protection against loss resulting from the economic death and the living death to which human beings are subject. The economic value of a human life may be destroyed not only by premature death, but also by the gradual wearing-out of the human machine as old age approaches, or by permanent and total disability. In the former case the individual is removed both as a producer and as a consumer; in the latter case the individual loses his ability to produce income but remains as a consumer. The loss, therefore, may be even greater than the loss in the event of premature death. Protection against the hazards of old age and of permanent and total disability is essential, and no organizations are in a better position to provide this protection than are the life insurance companies.

The legal reserve system upon which present-day life insurance is built requires the accumulation and investment

## THE FORMULA OF SUCCESS

**L**IFE INSURANCE can be explained in plain, everyday language. The facts can be simply stated. People need to be told about life insurance by one who knows life insurance and its adaptability. Salesmen of integrity, ability and courage who will work systematically and plainly state the facts of life insurance service will be Masters of their craft and successful.

THE MUTUAL LIFE OF NEW YORK, with its long history of increasing success, offers opportunity. It writes Annuities and all Standard forms of life insurance. Double Indemnity Benefits. It has many practices to broaden and expedite service for Field Representatives and for Policyholders.

Those contemplating engaging in life insurance field work as a career of broad service and personal achievement are invited to apply to

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of that portion of the level premium which is not required to meet the tabular cost of the protection element of each policy. This investment fund, growing from year to year, enables the life insurance company to carry its contracts to maturity and is held for the benefit of the policyholder. Investments are made and supervised by experts in the field of investment management. The policyholder is thus provided with a much needed investment service, since the average individual is not equipped either by experience or by adequate training to make his own investments.

There is every reason why the policyholder should have access to his share of this investment fund if he needs it. It is true that the loan and cash value features of life insurance policies have been emphasized in recent years. As a result it is possible that loans and surrenders have been inadvertently encouraged where thorough consideration would have avoided them. This, however, is a fault which can be overcome by re-education of policyholders so that cash and loan values will be used only as they were intended,—in case of emergency. It is not necessary to eliminate these desirable features of life insurance because of their misuse, nor to encourage the writing of term insurance in order to retrogress to the idea of "death protection." Let the benefits of life insurance to the living policyholder continue.

#### Question 3

Many comparatively small business concerns are anxious to be financed with bond issues of considerable duration, and are served in this respect by private banking or investment houses:

(a) Explain why life insurance is serviceable in the better flotation of such bond issues.

(b) Describe briefly two plans of using life insurance in this particular respect.

#### Answer to Question 3

(a) Life insurance is serviceable in the better flotation of bond issues for small business concerns in the following ways:

(1) Such business concerns are ordinarily built around one or several "key" men who provide the brains and driving force of the business. The credit of the business is largely dependent on these men. Life insurance on these men will make it easier to secure the credit (that is, the investment house will be able to market the bonds more readily), and also will make it possible to secure credit at lower rates. It is a substantial guarantee to prospective purchasers that the bonds will not default if the "man at the wheel" is taken away.

(2) The reserves of the life insurance policies, if other than term insurance is used, will act as a sinking-fund which will strengthen the company's financial position, and provide cash for the maturity of the obligation.

(b)(1) One plan would be to use ordinary life or term insurance on the life of the "key man," the insurance to remain in force until the maturity of the bonds and to be for an amount at least equal to the face value of the bonds. In event of death the insurance proceeds could be used to "call" the bonds, if they are callable; or the amount necessary to meet the issue at maturity could be invested, the balance being put back into the business to reduce the financial shock of the "key man's" death. In event of survival there would be no funds available for retiring the issue if term insurance were used, and only the reserve of the policy would be available if ordinary life insurance were used. Hence, it is necessary to set up a separate sinking-fund for the retirement of the bonds at maturity.

(2) Another plan would be to insure the "key man" to the extent of outstanding bonds under an endowment policy for the amount and duration of the bond issue. The proceeds would be available at death, and in addition the reserve

would provide a sinking-fund to pay off the entire issue of bonds at maturity.

#### Question 4

"A", age 35, inherited an estate of \$100,000, consisting of stocks and bonds, yielding \$5,000 annually. He also holds a salaried position giving him \$3,000 a year. Although able to pay for a considerable amount of life insurance, he is opposed to taking the same, and argues (1) that his family, consisting of a wife and two daughters, would be well taken care of in any case by the income derived from the investment estate, and (2) that his death would not mean any real loss in that his personal earning capacity of \$3,000 merely represents the amount now currently expended for his own personal self maintenance. Show this man the error of his reasoning, presenting three specific reasons for life insurance, all of which constitute good economics in the field of life insurance. In your explanation present the program which you would submit to this man.

#### Answer to Question 4

There are three errors in A's reasoning that his family would be cared for adequately by the income derived from his inherited investment estate, and three parallel reasons why A should own life insurance.

In the first place, A will not be able to pass his investment estate intact to his family. He should own life insurance to protect this estate against loss. At the time of his death his estate must bear his last illness, funeral and administration expenses, and must pay his outstanding debts, his income tax, the federal estate tax and inheritance taxes, if any are levied under the laws of his state of residence. These obligations require immediate cash which can be provided in only two ways, (a) by the sale of a part of the estate, usually requiring a sacrifice of the cream of the assets since it is proverbial that death occurs at the wrong time, or (b) by life insurance paid for out of current income. The first method of raising cash often means considerable loss and always means a reduction in the principal available for heirs. The second method provides the funds without loss and when needed, for the event which creates the need automatically matures the insurance policy.

In the second place, even though A's estate should pass to his family without reduction there is no assurance that it will continue to provide an income of \$5,000 per year. It is extremely hazardous to trust his family's future to the uncertainties of income from an estate consisting of stocks and bonds. Even bonds which are now considered high-grade may deteriorate and ultimately default. Stocks may pass their dividends. A's widow will be confronted with reinvestment worries, and no doubt she is ill-equipped to meet such problems. The estate could be placed in trust, but even then there would be no guarantee against loss through shrinkage in principal or reduction in income. For this reason, A needs insurance to do either of two things (a) to provide additional principal for the estate so that it will be sufficiently large to yield a minimum of \$5,000 per year under the most adverse conditions, or (b) to provide a guaranteed income to his family so that with the least income from the estate which can be counted upon, an income of \$5,000 per year will be assured. The latter is the more desirable plan, and is available to A through use of the settlement options in life insurance policies.

A third reason for insurance, and the third error in A's reasoning, lies in the statement that his death would mean no loss to his family since he is spending his entire personal earnings of \$3,000 per year for his own maintenance. It is true that the family is not at present receiving any benefit from A's personal earnings but if A should lose his inherited estate, he could still support his family on his salary by reducing his own main-

tenance expenses if he were still living. Life insurance could provide for the contingency in event of his death. Even more important, however, is the fact that a salary of \$3,000 at present is no indication as to his potential income earning ability. He may possess the ability to earn a very substantial salary and may actually be in line for a substantial increase in the near future. It is accordingly no more sound to determine his economic value with reference to present salary only than to base the value of an industrial plant and its machinery on the net earnings of a depression year when it is operating at a very low percentage of capacity.

A further argument on this point has to do with the necessity of providing for his own old age. It is certain that A's life value in later years will decrease slowly until the income-earning period of his life will have passed. At the present time he is making no effort to replace this depreciation in his value. When he reaches retirement age it will be necessary for him to draw upon the income from the inheritance and reduce the amount available for his family, unless he builds up a depreciation fund out of current earnings just as corporations do in order to replace assets as they wear out.

By life insurance A could also meet other needs which he has. He could guarantee an education for his children, and create an emergency fund for himself and his family to tide them over a period of illness, unemployment or any other misfortune, without depleting his inheritance.

The insurance program which I would recommend to meet the needs which have been outlined would be as follows:

(1) \$20,000 ordinary life insurance payable in cash to provide a clean-up fund and maintenance expenses for the family during the period of readjustment after A's death. Shrinkages in estates of this size vary from 15% to 25%.

(2) Approximately \$50,000 endowment at 65. This will provide his own old age fund and in event of his death will provide sufficient income to allow for a 50% decline in the income from his investment estate. A larger amount of insurance would be desirable if A could be convinced, but \$50,000 at least is necessary. This policy should contain disability income benefits, if obtainable, as well as a waiver of premium provision.

(3) Educational policies of \$5,000 for each of daughters. These policies on his life should be on the endowment plan, maturing when each daughter reaches age 18.

(TO BE CONTINUED NEXT WEEK)

### New Chicago Publication

The first issue of a new monthly insurance publication, the "Insurance Examiner," edited and printed in Chicago, is off the press. R. M. Telfer, Jr., is editor. He formerly was examiner of mutual benefit associations in the Illinois insurance department. Offices are in 189 West Madison street, Chicago. Inquiries on insurance problems, and from policyholders and beneficiaries on compromised, scaled or unpaid benefits, or conversion of old policies for new ones, are solicited. Vol. 1, No. 1, reproduces an alleged promissory note and \$2,000 check relating to the Mississippi Valley Life. A lengthy article "exposes" the failure. In another story Mr. Telfer takes exception to the insurance "dictatorship" in Illinois, saying this makes Director Ernest Palmer a "czar in every sense of the word."

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